

2023 SENATE APPROPRIATIONS

SB 2021

Department 485 - Workforce Safety and Insurance
Senate Bill No. 2021

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$0	\$75,724,955	\$75,724,955
2023-25 Base Level	0	62,122,928	62,122,928
Increase (Decrease)	\$0	\$13,602,027	\$13,602,027

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$3,418,583 is for salary increases and \$1,189,468 is for health insurance increases	\$0	\$4,608,051	\$4,608,051
2. Increases funding from the Workforce Safety and Insurance (WSI) fund for information technology (IT) contractual services for software support to provide a total of \$9,387,940 for IT contractual services.	\$0	\$1,637,572	\$1,637,572
3. Adds one-time funding from the WSI fund for the claims and policy system replacement project. The project began in 2015 and is expected to be complete in January 2030 at an estimated total cost of \$34.5 million.	\$0	\$4,950,000	\$4,950,000
4. Adds one-time funding from the Workforce Safety and Insurance fund for the myWSI enhancement project. The project began in 2017 and is expected to be complete in March 2026 at an estimated total cost of \$6.9 million.	\$0	\$1,830,000	\$1,830,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

There are no additional sections recommended for this agency.

Continuing Appropriations

Collection agency fees - North Dakota Century Code Section 54-06-29 - Payment of fees to The Affiliated Group to assist in collection of past-due accounts.

Information fund - Section 65-01-13 - Money in the WSI information fund is appropriated on a continuing basis for the payment of publication and statistical processing expenses incurred by the agency.

Alternative dispute resolution - Section 65-01-18 - Up to \$50,000 in the WSI fund is appropriated each biennium on a continuing basis for an alternative dispute resolution pilot program to assess alternative options to resolve disputes with injured employees.

Building maintenance account - Section 65-02-05.1 - Money in the WSI building maintenance account is appropriated on a continuing basis for bond principal and interest payments, operating, maintenance, repair, and payment in lieu of taxes expenses of the buildings and grounds.

Allocated loss adjustment expenses - Section 65-02-06.1 - Money in the WSI fund is appropriated on a continuing basis for the payment of all allocated loss adjustment expenses experienced by the agency.

Litigation expense - Section 65-02-06.2 - Money in the WSI fund is appropriated on a continuing basis for expenses associated with litigating employer-related issues and for payment of organization expenses associated with litigating medical provider-related issues.

Reinsurance and other states' coverage - Section 65-02-13.1 - Money in the WSI fund is appropriated on a continuing basis to allow the agency to establish a program of reinsurance and a program of extraterritorial coverage and other states' insurance.

Insurance fraud unit - Section 65-02-23 - Money in the WSI fund is appropriated on a continuing basis for the payment of costs associated with identifying, preventing, and investigating employer or provider fraud.

Independent performance evaluation - Section 65-02-30 - Money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

Credit card fees - Section 65-02-38 - Money in the WSI fund is appropriated on a continuing basis for the purpose of paying fees associated with credit or debit card payments made to the organization.

Safety programs - Section 65-03-04 - Money in the WSI fund is appropriated on a continuing basis for the purpose of funding work safety and loss prevention programs.

Preferred worker program - Section 65-05-36 - Money in the WSI fund is appropriated on a continuing basis for the payment of the expense of conducting a biennial independent performance evaluation.

Educational revolving loan fund - Section 65-05.1-08 - Money in the WSI educational revolving loan fund is appropriated on a continuing basis to maintain the fund and provide loans to individuals wanting to pursue a postsecondary education.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for WSI conducted by Eide Bailly LLP, for the period ending June 30, 2022, identified no significant audit findings.

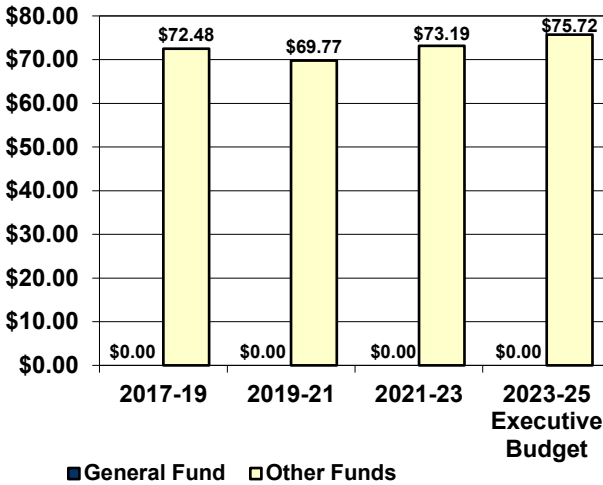
Major Related Legislation

Senate Bill No. 2038 - This bill would repeal Section 65-02-30, which provides money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

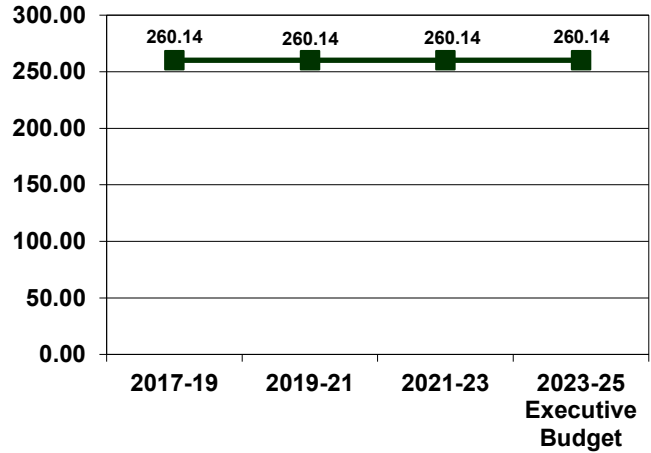
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$61,865,170	\$63,473,062	\$60,887,842	\$62,122,928	\$68,944,955
Increase (decrease) from previous biennium	N/A	\$1,607,892	(\$2,585,220)	\$1,235,086	\$6,822,027
Percentage increase (decrease) from previous biennium	N/A	2.6%	(4.1%)	2.0%	11.0%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	2.6%	(1.6%)	0.4%	11.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Reduced funding for temporary salaries (\$357,942)
2. Increased funding for operating expenses, including increases in professional service fees and IT data processing \$1,199,920
3. Removed funding for credit card fees (\$1,200,000)

2019-21 Biennium

1. Unfunded 6 FTE positions (\$1,012,252)
2. Reduced funding for operating expenses, primarily related to professional service fees (\$2,332,176)

2021-23 Biennium

1. Reduced funding for operating expenses, primarily related to travel, IT software supplies, rent, IT data processing, IT contractual services and repairs, and professional development (\$1,332,010)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding from the WSI fund for IT contractual services for software support \$1,637,572

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$7,000,000	\$9,008,597	\$8,878,052	\$11,064,000	\$6,780,000

Major One-Time Other Funds Appropriations

2017-19 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$8,120,097 |
| 2. myWSI enhancement project | \$538,500 |
| 3. Internal reporting system | \$275,000 |
| 4. Electronic payment processing system | \$75,000 |

2019-21 Biennium

- | | |
|--|-------------|
| 1. Claims and policy system replacement project | \$7,010,000 |
| 2. myWSI enhancement project | \$850,000 |
| 3. COVID-19 pandemic first responder workers compensation claims (federal funds) | \$1,018,052 |

2021-23 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$7,500,000 |
| 2. myWSI enhancement project | \$3,050,000 |
| 3. WSI building upgrades | \$514,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$4,950,000 |
| 2. myWSI enhancement project | \$1,830,000 |

Workforce Safety and Insurance - Budget No. 485
Senate Bill No. 2021
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	260.14	\$0	\$62,122,928	\$62,122,928
2023-25 Ongoing Funding Changes				
Adds funding for the cost to continue salary increases			\$379,160	\$379,160
Salary increase			3,418,583	3,418,583
Health insurance increase			1,189,468	1,189,468
Adds funding for IT rate increases			197,244	197,244
Adds funding for IT contractual services for software support			1,637,572	1,637,572
Total ongoing funding changes	0.00	\$0	\$6,822,027	\$6,822,027
One-time funding items				
Adds funding for the claims and policy system replacement			\$4,950,000	\$4,950,000
Adds funding for the myWSI enhancement project			1,830,000	1,830,000
Total one-time funding changes	0.00	\$0	\$6,780,000	\$6,780,000
Total Changes to Base Level Funding	0.00	\$0	\$13,602,027	\$13,602,027
2023-25 Total Funding	260.14	\$0	\$75,724,955	\$75,724,955
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%		11.0%	11.0%
<i>Total changes as a percentage of base level</i>	0.0%		21.9%	21.9%

Other Sections in Workforce Safety and Insurance - Budget No. 485

Executive Budget Recommendation

There are no additional sections for this agency.

**SENATE BILL NO. 2021
 (Governor’s Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of workforce safety and insurance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from the workforce safety and insurance fund in the state treasury, not otherwise appropriated, to workforce safety and insurance, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce Safety and Insurance Operations	\$62,122,928	\$13,602,027	\$75,724,955
Total Special Funds	\$62,122,928	\$13,602,027	\$75,724,955
Full-time Equivalent Positions	260.14	(0.00)	260.14

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation of section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
CAPS Software Replacement Project	\$7,500,000	\$ 4,950,000
Extranet Computer Project	3,050,000	1,830,000
Building Energy Updates	<u>514,000</u>	<u>0</u>
Total Other Funds	\$11,064,000	\$6,780,000

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The workforce safety and insurance agency shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2021
1/5/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

10:42 AM Acting Chairman Wanzek opened the hearing on SB 2021.

Members present : Senators Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, Mathern

Members absent: Senators Krebsbach, Bekkedahl

Discussion Topics:

- Workforce safety and insurance (WSI)
- Budget overview/introduction
- Strategic plan and direction
- Safety focus
- WSI successes
- Budget requests
- Workforce needs, turnover, retention
- Funding request
- Information Technology (IT)

10:42 AM Art Thompson, Director Workforce Safety and Insurance, introduced the bill and testified in favor, testimony # 12590

11:18 AM Ryan Maddock, Workforce Safety and Insurance, answered questions of the committee

Additional Testimony: #20904

Acting Chairman Wanzek assigned this bill to the Education and Environment Division.

11:33 AM Acting Chairman Wanzek closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2021
1/25/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

8:30 AM Chairman Sorvaag opened the hearing on SB 2021.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Workforce Safety and Insurance (WSI)
- Insurance benefits statistics
- Claims statistics
- Budget recommendations and requests
- One time funding requests
- Progress report on IT system
- Revenue sources

8:30 AM Art Thompson, Director of Workforce Safety and Insurance, overview and explanation of the budget, testimony #16416

9:20 AM Russ Hansen, Association of General Contractors of North Dakota, testified in support of the agency and their budget. (no written testimony)

Additional written testimony:

- Andrea Pfennig, Greater North Dakota Chamber, testimony #15688
- Amanda Remyense, North Dakota Motor Carriers Association, testimony #15700

9:23 AM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2021
1/31/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

2:30 PM Chairman Sorvaag opened the hearing on SB 2021.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Workforce Safety and Insurance
- Technology requests
- FTE (employee) openings

2:31 PM Levi Kinnischtzke, Legislative Council, reviewed Long Sheet

2:35 PM Art Thompson, Director of Workforce Safety and Insurance, answered questions of the committee, no written testimony

2:55 Chairman Sorvaag adjourned the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2021
2/7/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

3:48 PM Chairman Sorvaag opened the meeting on SB 2021.

Members present: Senators Sorvaag, Krebsbach and Meyer.

Members absent: Senators Schaible and Rust

Discussion Topics:

- Workforce safety and insurance
- Committee discussion

3:49 PM Levi Kinnischtke, Legislative Council, provided overview information, reviewed green sheets and long sheets, testimony # 20904 and #21266

3:54 PM Art Thompson, Director Workforce Safety and Insurance, answered questions from the committee, no written testimony

4:05 PM Chairman Sorvaag closed the meeting.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Sakakawea Room, State Capitol

SB 2021
2/8/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

8:36 AM Chairman Sorvaag opened the hearing on SB 2021.

Members present: Senators Sorvaag, Krebsbach, Rust, Schaible, and Meyer

Discussion Topics:

- Workforce safety and insurance
- Committee work

e8:39 AM Senator Krebsbach moved to adopt amendment LC 23.0275.01001 (#21202).
Senator Schaible seconded the motion.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Karen K. Krebsbach	Y
Senator Scott Meyer	Y
Senator David S. Rust	Y
Senator Donald Schaible	Y

Motion passed 5-0-0.

8:40 AM Senator Krebsbach moved DO PASS AS AMENDED.
Senator Meyer seconded the motion.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Karen K. Krebsbach	Y
Senator Scott Meyer	Y

Motion passed 5-0-0.

Senator Krebsbach will carry the bill to full committee.

4:28 PM Chairman Sorvaag closed the hearing.

Kathleen Hall, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

SB 2021
2/9/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance; to provide an exemption; and to provide for a report.

10:41 AM Senator Bekkedahl opened the meeting.

Senators Present: **Senators Bekkedahl, Krebsbach, Burckhard, Davison, Dever, Dwyer, Erbele, Kreun, Meyer, Roers, Schaible, Sorvaag, Vedaa, Wanzek, Rust, and Mathern.**

Discussion Topics:

- Committee Action

10:47 AM Senator Krebsbach introduced the bill, verbally.

10:50 AM Senator Krebsbach moved to adopt Amendment LC 23.0275.01001.

10:50 AM Senator Sorvaag seconded the motion.

10:50 AM Roll call vote

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Motion passed 16-0-0.

10:51 AM Senator Krebsbach moved DO PASS as AMENDED.

10:51 AM Senator Burckhard seconded the motion.

10:51 AM Roll call vote

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Karen K. Krebsbach	Y
Senator Randy A. Burckhard	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Robert Erbele	Y
Senator Curt Kreun	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Jim P. Roers	Y
Senator Donald Schaible	Y
Senator Ronald Sorvaag	Y
Senator Shawn Vedaa	Y
Senator Terry M. Wanzek	Y
Senator Rust	Y

Motion passed 16-0-0.

Senator Krebsbach will carry the bill.

10:52 AM Chairman Bekkedahl closed the meeting.

Kathleen Hall, Committee Clerk

*AG
2-9-23
11-2*

PROPOSED AMENDMENTS TO SENATE BILL NO. 2021

Page 1, line 2, after "insurance" insert "; to provide an exemption; and to provide for a report"

Page 1, replace lines 8 through 13 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce safety and insurance operations	\$62,122,928	\$12,763,904	\$74,886,832
Total special funds	\$62,122,928	\$12,763,904	\$74,886,832
Full-time equivalent positions	260.14	0.00	260.14"

Page 1, line 14, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY**"

Page 1, line 15, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 17 through 20 with:

"Claims and policy system replacement project	\$7,500,000	\$4,950,000
MyWSI extranet enhancement project	3,050,000	1,830,000
Building upgrades	<u>514,000</u>	<u>0</u>
Total special funds	\$11,064,000	\$6,780,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. Workforce safety and insurance shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. EXEMPTION - DEFERRED MAINTENANCE. The amount of \$291,000 transferred from the office of management and budget to workforce safety and insurance from federal funds derived from the state fiscal recovery fund pursuant to subsection 10 of section 1 of chapter 550 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for deferred maintenance of the workforce safety and insurance building during the biennium beginning July 1, 2023, and ending June 30, 2025."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - Senate Action

	<u>Base Budget</u>	<u>Senate Changes</u>	<u>Senate Version</u>
WSI operations	\$62,122,928	\$12,763,904	\$74,886,832
Total all funds	\$62,122,928	\$12,763,904	\$74,886,832
Less estimated income	<u>62,122,928</u>	<u>12,763,904</u>	<u>74,886,832</u>
General fund	\$0	\$0	\$0
FTE	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding for Information Technology Costs ³	Adds One-Time Funding for the CAPS Replacement Project ⁴	Adds One-Time Funding for the myWSI Enhancement Project ⁵	Total Senate Changes
WSI operations	\$379,160	\$3,769,928	\$1,834,816	\$4,950,000	\$1,830,000	\$12,763,904
Total all funds	\$379,160	\$3,769,928	\$1,834,816	\$4,950,000	\$1,830,000	\$12,763,904
Less estimated income	379,160	3,769,928	1,834,816	4,950,000	1,830,000	12,763,904
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

*AKK
2-10-23
(2-2)*

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>Other Funds</u>
Salary increase	\$2,553,097
Health insurance increase	1,216,831
Total	3,769,928

³ Funding of \$1,834,816 from the Workforce Safety and Insurance fund is added for information technology rate increases from the Information Technology Department (\$197,244) and increases for information technology contractual services for software support of agency systems and projects (\$1,637,572).

⁴ One-time funding of \$4,950,000 is added from the Workforce Safety and Insurance fund for the claims and policy system replacement project. The agency has spent \$16,745,803 on the project since July 2015 and anticipates \$20,101,118 is needed to complete the project by May 2031 at a total cost of \$36,846,921.

⁵ One-time funding of \$1,830,000 is added from the Workforce Safety and Insurance fund for the myWSI enhancement project. The agency has spent \$3,900,036 on the project since November 2016 and anticipates \$2,762,244 is needed to complete the project by September 2026 at a total cost of \$6,662,280.

This amendment also adds a section to provide Workforce Safety and Insurance an exemption to continue \$291,000 transferred from the Office of Management and Budget from the federal State Fiscal Recovery Fund for deferred maintenance of state-owned buildings during the 2021-23 biennium into the 2023-25 biennium.

REPORT OF STANDING COMMITTEE

SB 2021: Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2021 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

Page 1, line 2, after "insurance" insert "; to provide an exemption; and to provide for a report"

Page 1, replace lines 8 through 13 with:

"	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce safety and insurance operations	\$62,122,928	\$12,763,904	\$74,886,832
Total special funds	\$62,122,928	\$12,763,904	\$74,886,832
Full-time equivalent positions	260.14	0.00	260.14"

Page 1, line 14, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY"

Page 1, line 15, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 17 through 20 with:

"Claims and policy system replacement project	\$7,500,000	\$4,950,000
MyWSI extranet enhancement project	3,050,000	1,830,000
Building upgrades	514,000	0
Total special funds	\$11,064,000	\$6,780,000

The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. Workforce safety and insurance shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. EXEMPTION - DEFERRED MAINTENANCE. The amount of \$291,000 transferred from the office of management and budget to workforce safety and insurance from federal funds derived from the state fiscal recovery fund pursuant to subsection 10 of section 1 of chapter 550 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for deferred maintenance of the workforce safety and insurance building during the biennium beginning July 1, 2023, and ending June 30, 2025."

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - Senate Action

	<u>Base Budget</u>	<u>Senate Changes</u>	<u>Senate Version</u>
WSI operations	\$62,122,928	\$12,763,904	\$74,886,832
Total all funds	\$62,122,928	\$12,763,904	\$74,886,832
Less estimated income	62,122,928	12,763,904	74,886,832
General fund	\$0	\$0	\$0
FTE	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adds Funding for the Cost to Continue Salaries ¹	Adds Funding for Salary and Benefit Increases ²	Adds Funding for Information Technology Costs ³	Adds One- Time Funding for the CAPS Replacement Project ⁴	Adds One- Time Funding for the myWSI Enhancement Project ⁵	Total Senate Changes
WSI operations	\$379,160	\$3,769,928	\$1,834,816	\$4,950,000	\$1,830,000	\$12,763,904
Total all funds	\$379,160	\$3,769,928	\$1,834,816	\$4,950,000	\$1,830,000	\$12,763,904
Less estimated income	379,160	3,769,928	1,834,816	4,950,000	1,830,000	12,763,904
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding is added for the cost to continue salary increases.

² The following funding is added for 2023-25 biennium salary adjustments of 4 percent on July 1, 2023, and 4 percent on July 1, 2024, and increases in health insurance premiums from \$1,429 to \$1,648 per month:

	<u>Other Funds</u>
Salary increase	\$2,553,097
Health insurance increase	1,216,831
Total	3,769,928

³ Funding of \$1,834,816 from the Workforce Safety and Insurance fund is added for information technology rate increases from the Information Technology Department (\$197,244) and increases for information technology contractual services for software support of agency systems and projects (\$1,637,572).

⁴ One-time funding of \$4,950,000 is added from the Workforce Safety and Insurance fund for the claims and policy system replacement project. The agency has spent \$16,745,803 on the project since July 2015 and anticipates \$20,101,118 is needed to complete the project by May 2031 at a total cost of \$36,846,921.

⁵ One-time funding of \$1,830,000 is added from the Workforce Safety and Insurance fund for the myWSI enhancement project. The agency has spent \$3,900,036 on the project since November 2016 and anticipates \$2,762,244 is needed to complete the project by September 2026 at a total cost of \$6,662,280.

This amendment also adds a section to provide Workforce Safety and Insurance an exemption to continue \$291,000 transferred from the Office of Management and Budget from the federal State Fiscal Recovery Fund for deferred maintenance of state-owned buildings during the 2021-23 biennium into the 2023-25 biennium.

2023 HOUSE APPROPRIATIONS

SB 2021

Department 485 - Workforce Safety and Insurance
Senate Bill No. 2021

First Chamber Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 First Chamber Version	\$0	\$74,886,832	\$74,886,832
2023-25 Base Level	0	62,122,928	62,122,928
Increase (Decrease)	\$0	\$12,763,904	\$12,763,904

First Chamber Changes

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

Selected Bill Sections Included in the First Chamber Version

Exemption - Federal State Fiscal Recovery Fund - Deferred maintenance of state-owned buildings - Section 3 provides an exemption to Workforce Safety and Insurance (WSI) to continue funding transferred from the Office of Management and Budget (OMB) from the federal State Fiscal Recovery Fund for deferred maintenance of state-owned buildings during the 2021-23 biennium into the 2023-25 biennium. During the 2021-23 biennium, OMB transferred \$291,000 to WSI.

Continuing Appropriations

Collection agency fees - North Dakota Century Code Section 54-06-29 - Payment of fees to The Affiliated Group to assist in collection of past-due accounts.

Information fund - Section 65-01-13 - Money in the WSI information fund is appropriated on a continuing basis for the payment of publication and statistical processing expenses incurred by the agency.

Alternative dispute resolution - Section 65-01-18 - Up to \$50,000 in the WSI fund is appropriated each biennium on a continuing basis for an alternative dispute resolution pilot program to assess alternative options to resolve disputes with injured employees.

Building maintenance account - Section 65-02-05.1 - Money in the WSI building maintenance account is appropriated on a continuing basis for bond principal and interest payments, operating, maintenance, repair, and payment in lieu of taxes expenses of the buildings and grounds.

Allocated loss adjustment expenses - Section 65-02-06.1 - Money in the WSI fund is appropriated on a continuing basis for the payment of all allocated loss adjustment expenses experienced by the agency.

Litigation expense - Section 65-02-06.2 - Money in the WSI fund is appropriated on a continuing basis for expenses associated with litigating employer-related issues and for payment of organization expenses associated with litigating medical provider-related issues.

Reinsurance and other states' coverage - Section 65-02-13.1 - Money in the WSI fund is appropriated on a continuing basis to allow the agency to establish a program of reinsurance and a program of extraterritorial coverage and other states' insurance.

Insurance fraud unit - Section 65-02-23 - Money in the WSI fund is appropriated on a continuing basis for the payment of costs associated with identifying, preventing, and investigating employer or provider fraud.

Independent performance evaluation - Section 65-02-30 - Money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

Credit card fees - Section 65-02-38 - Money in the WSI fund is appropriated on a continuing basis for the purpose of paying fees associated with credit or debit card payments made to the organization.

Safety programs - Section 65-03-04 - Money in the WSI fund is appropriated on a continuing basis for the purpose of funding work safety and loss prevention programs.

Preferred worker program - Section 65-05-36 - Money in the WSI fund is appropriated on a continuing basis for the payment of the expense of conducting a biennial independent performance evaluation.

Educational revolving loan fund - Section 65-05.1-08 - Money in the WSI educational revolving loan fund is appropriated on a continuing basis to maintain the fund and provide loans to individuals wanting to pursue a postsecondary education.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for WSI conducted by Eide Bailly LLP, for the period ending June 30, 2022, identified no significant audit findings.

Major Related Legislation

House Bill No. 1279 - This bill provides the 5-year continuous service requirement for full-time paid law enforcement and paid firefighter personnel for eligibility for conditions covered under the presumption clause can include full-time paid service from outside of the state. The bill adjusts requirements related to periodic medical examinations, extends presumption coverage to full-time paid law enforcement and paid firefighter personnel with less than 5 years of continuous service for cardiac-related events that result from strenuous activity and occur within 48 hours of engaging or participating in that activity, and provides for retroactive application for claims filed after October 1, 2021.

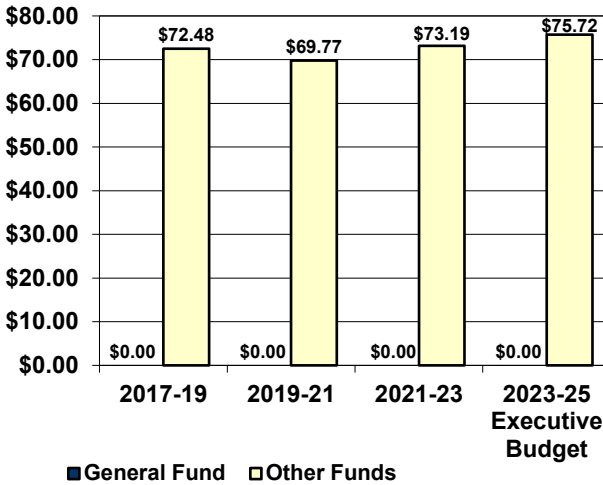
Senate Bill No. 2038 - This bill repeals Section 65-02-30, which provides money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

Senate Bill No. 2040 - This bill repeals the Workers' Compensation Review Committee.

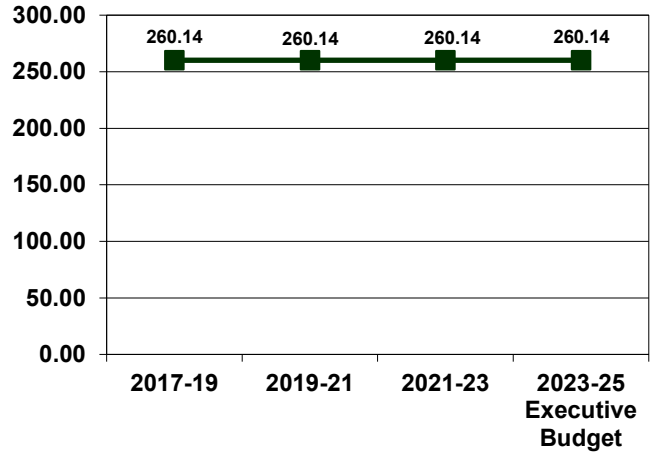
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$61,865,170	\$63,473,062	\$60,887,842	\$62,122,928	\$68,944,955
Increase (decrease) from previous biennium	N/A	\$1,607,892	(\$2,585,220)	\$1,235,086	\$6,822,027
Percentage increase (decrease) from previous biennium	N/A	2.6%	(4.1%)	2.0%	11.0%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	2.6%	(1.6%)	0.4%	11.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Reduced funding for temporary salaries (\$357,942)
2. Increased funding for operating expenses, including increases in professional service fees and information technology (IT) data processing \$1,199,920
3. Removed funding for credit card fees (\$1,200,000)

2019-21 Biennium

1. Unfunded 6 FTE positions (\$1,012,252)
2. Reduced funding for operating expenses, primarily related to professional service fees (\$2,332,176)

2021-23 Biennium

- Reduced funding for operating expenses, primarily related to travel, IT software supplies, rent, IT data processing, IT contractual services and repairs, and professional development (\$1,332,010)

2023-25 Biennium (Executive Budget Recommendation)

- Adds funding from the WSI fund for IT contractual services for software support \$1,637,572

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$7,000,000	\$9,008,597	\$8,878,052	\$11,064,000	\$6,780,000

Major One-Time Other Funds Appropriations

2017-19 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$8,120,097 |
| 2. myWSI enhancement project | \$538,500 |
| 3. Internal reporting system | \$275,000 |
| 4. Electronic payment processing system | \$75,000 |

2019-21 Biennium

- | | |
|--|-------------|
| 1. Claims and policy system replacement project | \$7,010,000 |
| 2. myWSI enhancement project | \$850,000 |
| 3. COVID-19 pandemic first responder workers compensation claims (federal funds) | \$1,018,052 |

2021-23 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$7,500,000 |
| 2. myWSI enhancement project | \$3,050,000 |
| 3. WSI building upgrades | \$514,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$4,950,000 |
| 2. myWSI enhancement project | \$1,830,000 |

Workforce Safety and Insurance - Budget No. 485
Senate Bill No. 2021
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	260.14	\$0	\$62,122,928	\$62,122,928	260.14	\$0	\$62,122,928	\$62,122,928
2023-25 Ongoing Funding Changes								
Adds funding for the cost to continue salary increases			\$379,160	\$379,160			\$379,160	\$379,160
Salary increase			3,418,583	3,418,583			2,553,097	2,553,097
Health insurance increase			1,189,468	1,189,468			1,216,831	1,216,831
Adds funding for IT rate increases			197,244	197,244			197,244	197,244
Adds funding for IT contractual services for software support			1,637,572	1,637,572			1,637,572	1,637,572
Total ongoing funding changes	0.00	\$0	\$6,822,027	\$6,822,027	0.00	\$0	\$5,983,904	\$5,983,904
One-Time Funding Items								
Adds funding for the claims and policy system replacement project			\$4,950,000	\$4,950,000			\$4,950,000	\$4,950,000
Adds funding for the myWSI enhancement project			1,830,000	1,830,000			1,830,000	1,830,000
Total one-time funding changes	0.00	\$0	\$6,780,000	\$6,780,000	0.00	\$0	\$6,780,000	\$6,780,000
Total Changes to Base Level Funding	0.00	\$0	\$13,602,027	\$13,602,027	0.00	\$0	\$12,763,904	\$12,763,904
2023-25 Total Funding	260.14	\$0	\$75,724,955	\$75,724,955	260.14	\$0	\$74,886,832	\$74,886,832
<i>Federal funds included in other funds</i>			\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%		11.0%	11.0%	0.0%		9.6%	9.6%
<i>Total changes as a percentage of base level</i>	0.0%		21.9%	21.9%	0.0%		20.5%	20.5%

Other Sections in Workforce Safety and Insurance - Budget No. 485

	Executive Budget Recommendation	Senate Version
Exemption - Federal State Fiscal Recovery Fund - Deferred maintenance of state-owned buildings		Section 3 provides an exemption to WSI to continue funding transferred from OMB from the federal State Fiscal Recovery Fund for deferred maintenance of state-owned buildings during the 2021-23 biennium into the 2023-25 biennium. During the 2021-23 biennium, OMB transferred \$291,000 to WSI.

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2021
3/3/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.
--

10:02 AM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- WSI's Strategic Direction
- Safety Focus
- Strong Statutory Benefits
- Biennial Appropriation Request
- CAPS Project
- myWSI Portal
- ARPA Funding
- Safety Training

Art Thompson, WSI Director, testified in favor of HB 2021, #21748

Russ Hanson, Associated General Contractors of ND, testified in favor of SB 2021, #21796.

Aric Spencer, GNDC/NDMCA spoke in favor of SB 2021.

10:36 AM Vice Chairman Swiontek closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2021
3/13/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.
--

2:36 PM Chairman Nathe started the meeting.

Members present: Chairman Nathe,
Representatives: Martinson, Richter, Sanford, Schatz,
Representative Hanson, Vice Chairman Swiontek were absent.

Discussion Topics:

- WSI
- Reallocated Unspent Funds
- Dividend Payouts
- Training Focus
- Policy Replacement System
- myWSI
- ARPA Funding for Maintenance

Art Thompson, Director Workforce Safety, and Insurance, (WSI), answered questions on SB 2021.

Representative Sanford asked questions regarding SB 2021.

Chairman Nathe asked questions regarding SB 2021.

Representative Schatz asked questions regarding SB 2021.

Ethan Leingang passed out the Workforce Safety and Insurance long sheet, budget #485, (#24439).

3:07 PM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2021
3/31/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.
--

9:53 AM Chairman Nathe started the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Workforce Technology
- Claims Replacement Project
- myWSI Enhancement Project
- Salaries Adjusted

Representative Schatz moved a do pass on amendment, #24439 released on 3/13/2023.

Representative Sanford seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

Motion carries 7-0-0.

Representative Schatz moved a do pass as amended on SB 2021.

Representative Sanford seconded.

Roll Call Vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

Motion carries 7-0-0.

Representative Schatz will call SB 2021.

10:01 AM Chairman Nathe closed the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

SB 2021
4/6/2023

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

11:27 AM Chairman Vigesaa Called the meeting to order and roll call was taken-

Members present; Chairman Vigesaa, Representative Kempenich, Representative B. Anderson, Representative Bellew, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Meier, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative Brandenburg, Representative Mock, Representative Mitskog and Representative Richter

Discussion Topics:

- Amendment
- Committee Action

Representative Schatz- Gives the statement of purpose and explains the amendment 23.0275.02001 (Testimony # 27346).

Representative Schatz Move to adopt the amendment 23.0275.02001

Representative Nathe Seconds the motion.

Committee Discussion- Roll call vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	AB
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative Corey Mock	AB
Representative David Monson	Y

Representative Mike Nathe	Y
Representative Jon O. Nelson	N
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	AB
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	AB

Motion Carries 17-1-5

Representative Schatz Move for a Do Pass as Amended

Representative Nathe Seconds the motion

Roll call vote;

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Mike Brandenburg	AB
Representative Karla Rose Hanson	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	AB
Representative Corey Mock	AB
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	Y
Representative David Richter	AB
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	AB

Motion Carries 17-1-5 Representative Schatz will carry the bill

11:36 AM Chairman Vigesaa Closed the meeting for SB 2021

House Appropriations Committee
SB 2021
April 6, 2023
Page 3

Risa Berube, Committee Clerk

AG
4-6-23
(1-2)

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, line 2, after the first semicolon insert "and"

Page 1, line 2, remove "; and to provide for a report"

Page 1, replace lines 10 through 12 with:

"Workforce safety and insurance operations	<u>\$62,122,928</u>	<u>\$9,900,794</u>	<u>\$72,023,722</u>
Total special funds	\$62,122,928	\$9,900,794	\$72,023,722"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - House Action

	Base Budget	Senate Version	House Changes	House Version
WSI operations	<u>\$62,122,928</u>	<u>\$74,886,832</u>	(\$2,863,110)	<u>\$72,023,722</u>
Total all funds	\$62,122,928	\$74,886,832	(\$2,863,110)	\$72,023,722
Less estimated income	<u>62,122,928</u>	<u>74,886,832</u>	(2,863,110)	<u>72,023,722</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Salary Funding for Funding Pool ²	Total House Changes
WSI operations	<u>\$838,123</u>	<u>(\$3,701,233)</u>	(\$2,863,110)
Total all funds	\$838,123	(\$3,701,233)	(\$2,863,110)
Less estimated income	<u>838,123</u>	<u>(3,701,233)</u>	(2,863,110)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	<u>Special Funds</u>
Salary increase	\$865,486
Health insurance increase	<u>(27,363)</u>
Total	\$838,123

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

New FTE positions
Vacant FTE positions
Total

**Special
Funds** \$0
(3,701,233)
(\$3,701,233)

Alt
4-6-23
(2-2)

REPORT OF STANDING COMMITTEE

SB 2021, as engrossed: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (17 YEAS, 1 NAY, 5 ABSENT AND NOT VOTING). Engrossed SB 2021 was placed on the Sixth order on the calendar.

Page 1, line 2, after the first semicolon insert "and"

Page 1, line 2, remove "; and to provide for a report"

Page 1, replace lines 10 through 12 with:

"Workforce safety and insurance operations	<u>\$62,122,928</u>	<u>\$9,900,794</u>	<u>\$72,023,722</u>
Total special funds	\$62,122,928	\$9,900,794	\$72,023,722"

ReNUMBER accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - House Action

	Base Budget	Senate Version	House Changes	House Version
WSI operations	<u>\$62,122,928</u>	<u>\$74,886,832</u>	(\$2,863,110)	<u>\$72,023,722</u>
Total all funds	\$62,122,928	\$74,886,832	(\$2,863,110)	\$72,023,722
Less estimated income	<u>62,122,928</u>	<u>74,886,832</u>	(2,863,110)	<u>72,023,722</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Salary Funding for Funding Pool ²	Total House Changes
WSI operations	<u>\$838,123</u>	(\$3,701,233)	(\$2,863,110)
Total all funds	\$838,123	(\$3,701,233)	(\$2,863,110)
Less estimated income	<u>838,123</u>	<u>(3,701,233)</u>	(2,863,110)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	Special Funds
Salary increase	\$865,486
Health insurance increase	(27,363)
Total	\$838,123

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	Special Funds
New FTE positions	\$0
Vacant FTE positions	(3,701,233)
Total	(\$3,701,233)

TESTIMONY

SB 2021

For over 100 years, we've cared for injured employees and promoted safe workplaces.

Contact: Valerie Kingsley
vkingsley@nd.gov
701-328-3885



NORTH DAKOTA WORKFORCE SAFETY & INSURANCE

WHO WE ARE

260

Full-Time Team Member Authority

1.2

Temporary Team Members

15

Average years of service

49.5

Average age

9%

Retirement-eligible

3.75%

Turnover rate

WHAT WE'RE ABOUT

Who We Are: WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths. **WSI is a special fund agency and receives no general fund dollars.**

Core Purpose: To care for injured workers

Business Definition: We provide workers' compensation and safety services

Vision: A safe, secure, and healthy North Dakota Workforce

Core Values: Loyal, Caring, and Forthright

Strategic Anchors: Exceptional People, Exceptional Service, and Financial Stability

WHO WE SERVE

Employees



WSI's highest priority is the health and safety of our North Dakota workforce. In the event of an injury, our goal is to help an injured worker regain their health and return to work.

Employers



WSI provides workers' compensation coverage in North Dakota and administers safety programs and services to provide a safe and healthy workforce.

Medical Providers



WSI partners with medical providers to help reduce and prevent long-term disability by getting an injured worker back to work quickly and safely.

Covered Workforce: 391,512

Employer Accounts: 25,452

Claims Filed: 17,483

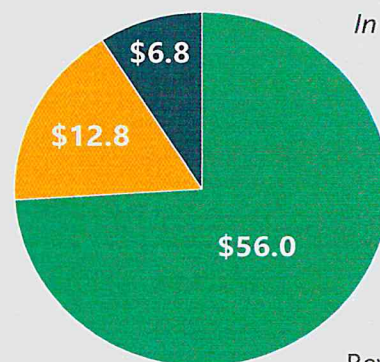
2023-2025 BIENNIAL BUDGET APPROPRIATION

Budget

Appropriation:

- **Base Level: \$67,307,383**
- **Optional Budget Changes: \$8,417,572**

- Salary
- Operating
- One-time Funding



In Millions

NORTH DAKOTA WORKFORCE SAFETY & INSURANCE

WHAT WE'RE PROUD OF AND HOW WE MEASURE SUCCESS

Safety Focus – Injury rates have been reduced by over 30% over the last decade. In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.

Few Disputes & Low Litigation – North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.6% of decisions issued proceed to an administrative court hearing.

Financially Strong – The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 17 out of 18 years. Average 5-year WSI fund investment returns was 4.2%.

Enhance Technology – The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.

Strong Statutory Benefits – North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.

Low Premiums – Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year. North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study).

Good Payor – Fair payment for medical and hospital services ensures injured workers access to quality healthcare. WSI fee schedules range from 158% to 217% of what Medicare would pay.

Customer Satisfaction – WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94

WHAT WE DO

Claims Management

Assists injured workers on their journey to recovery by adjudicating and managing claims. This includes managing benefits such as medical, wage-loss, and rehabilitation.

Policyholder Services

Guides employers through the process of securing North Dakota workers' compensation insurance. Also provides premium billing, auditing, and collection services to North Dakota policyholders.

Customer Service

Supports WSI's internal operations by receiving and answering customer calls and inquiries.

Safety Services

Offers employers loss control consultations, education and training, safety incentive programs, and safety grants to ensure workers have a safe and healthy workplace.

Return to Work Services

Assists injured workers in the management of medical recovery and return to work through nurse case management, vocational case management, and retraining programs.

Medical Services

Delivers medical providers educational and administrative services to assist in the treatment of injured workers. Services include prior authorization, billing and payment, and pharmacy services.

Employee Engagement & Development

Employee Engagement – The results of the October 2022 Team ND Engagement Survey for WSI's overall employee engagement level was 4.18 (on a 5-point scale), remaining steady with the 2021 results. WSI had a response rate of 91%, compared to 80% in 2021.

Employee Development – WSI developed and launched a new leadership program, **bildU**, in the fall of 2022 with the goal of educating and providing our emerging leaders with the necessary tools to be successful.

**2023 Senate Bill No. 2021
Testimony before the Senate Appropriations Committee**

**Presented by:
Art Thompson, WSI Director
Workforce Safety & Insurance
January 5, 2023**

Mr. Chairman and Members of the Committee:

Good morning. My name is Art Thompson, Director of Workforce Safety & Insurance (WSI). I am here today to provide testimony on Senate Bill 2021, WSI's Appropriation bill. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

My testimony today will be brief. We have provided you with PowerPoint slides. I will reference various slides that will assist in providing you an overall picture of WSI.

Background

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars **(slide 2)**.

WSI provides coverage to over 25,000 North Dakota businesses with an estimated covered workforce of 391,000. WSI receives approximately 18,000 claims per year **(slide 3)**.

WSI's Core Purpose is "To care for injured workers". That is why WSI exists **(slide 4)**.

To accomplish this, WSI has a well-established strategic plan. The strategic plan has guided our focus and has resulted in a high performing organization that is valued by our stakeholders and recognized by industry leaders **(slide 5 – 6)**.

Throughout history, the North Dakota Legislature has also worked closely with WSI to develop policy to help ensure this purpose is fulfilled.

Collectively, this has resulted in a high performing workers compensation system. Success measures include a variety of performance indicators that we track on a routine bases **(slides 7 - 15)**:

- Safety Focus
 - WSI has 13 Loss Control Specialists located regionally in ND to assist employers with safety assessment and safety program and grant implementation.
 - We have seen a 30% injury rate reduction in the last decade.
 - In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.
 - WSI has issued \$64.7M in safety grants since 2005.

- Strong Statutory Benefits
 - North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.
 - WSI administers a constitutionally created fund for the benefit of injured workers. Funds are not available for any other purpose.
 - North Dakota's maximum weekly benefit rate is the 3rd highest when compared to the 15 Midwest states (see **slides A8 – A11** for additional benefit information).

- Few Disputes & Low Litigation
 - North Dakota is known to be one of the least litigious workers' compensation systems in the country.
 - Only 0.6% of decisions issued proceed to an administrative court hearing.
 - Utilize Decision Review Office to provide initial analysis and review of disputed claims.

- Financially Strong
 - State law outlines WSI's required surplus levels which are 20% to 40% of reserve liabilities.
 - If WSI's surplus exceeds statutory surplus requirements; the statute requires dividends to be issued to policyholders.
 - The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 18 years.
 - For the current year, a 50% dividend credit was declared, which equates to an estimated \$80 million dividend.
 - Historically, favorable returns from WSI's investment portfolio have resulted in additional surplus growth.

- WSI fund investment returns for the last five years (FYs 2018-2022) have averaged 4.2%, ranging between -9.04% and 11.57% per year.
- Low Premiums
 - Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year.
 - North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study) this is approximately 54% lower than the median rate.
- Good Payor to Medical Providers
 - Fair payment for medical and hospital services ensures injured workers access to quality healthcare.
 - WSI fee schedules range from 158% to 217% of what Medicare would pay.
- High Customer Satisfaction
 - WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94
- Enhanced Technology
 - The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.
 - We are committed to improving our technology and response to customer needs through two long-term system upgrades that will be discussed in more detail in our budget recommendation discussion.

WSI 2023-2025 Appropriation Request

**Budget Recommendation
2023-2025 SB 2021**

Budget Overview	2021-2023 Appropriation	2023-2025 Governor's Recommendation	Variance
Salary & Fringe Benefits (base level)	51,625,492	51,408,976	
Executive Recommendation Revisions			
Agency Salary & Fringe increases		4,608,051	
Total Salary & Fringe		56,017,027	
Total Operating	10,497,436	12,927,928	
Base Budget Total	62,122,928	68,944,955	11.0%
One-Time items			
CAPS	7,500,000	4,950,000	
myWSI	3,050,000	1,830,000	
Building Updates	514,000	-	
Total One Time Items	11,064,000	6,780,000	-38.7%
Total Budget	73,186,928	75,724,955	3.5%
Total FTE's	260.14	260.14	0.0%

The Governor's Budget Recommendation for WSI includes (slides 16 - 18):

- 6% and 4% salary and benefits package:
 - WSI currently is in a good position in terms of staffing compared to other agencies – concern is retaining and recruiting employees to fill roles soon to be vacated by a growing retirement eligible team.
 - This compensation package is necessary to maintain pace with the private sector as well as the continued support of state-funded benefits for employees.

- \$4.95 million in one-time funding for the continuation of the development of the claims and policy system (CAPS); and
- \$1.83 million in one-time funding for the continuation of the myWSI extranet enhancement project.

The Governor's recommended budget for 2023-25 would result in a total biennial budget increase, including one-time funding items, of 3.5% from the prior biennium. We firmly believe the technology initiatives outlined above will only serve to make us better in the services that we provide.

Additionally, and for your benefit, included within the appendix of the PowerPoint is the following:

A1 – WSI Organization Chart

A2 – Financial Audit & ARPA Funding

A3 – A7 Historical Trends

A8 – A11 State by State Average Weekly Wage & Benefit Comparisons

A12 – A13 State by State Premium Comparisons

A14 – A18 Historical Workers Compensation Benefit & Service Enhancement Legislation

WSI is financially stable, provides excellent service, and is overall functioning very well. In closing, thank you for your time today and your consideration of WSI's biennial appropriation. At this time, I would be glad to answer any questions that you may have.

Great State of
North Dakota

Senate
Appropriations
Committee

WSI

North Dakota Workforce
Safety & Insurance

Art Thompson | Director
January 5, 2023

WSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.™

Who We Are

About Us

WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65).

WSI is a special fund agency and receives no general fund dollars.

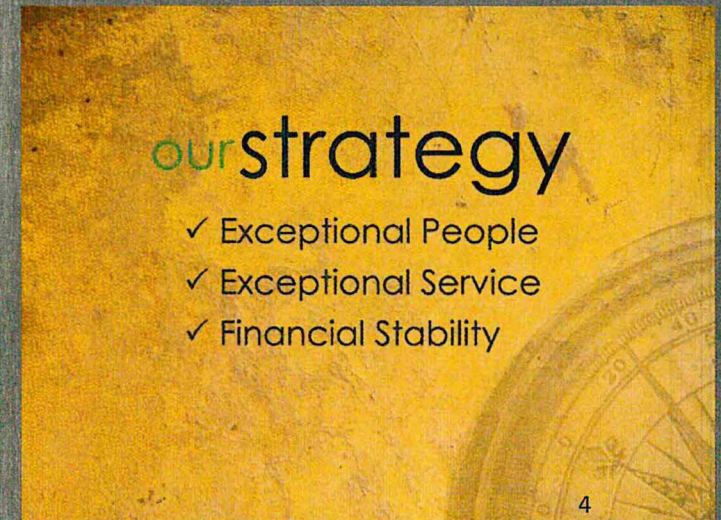
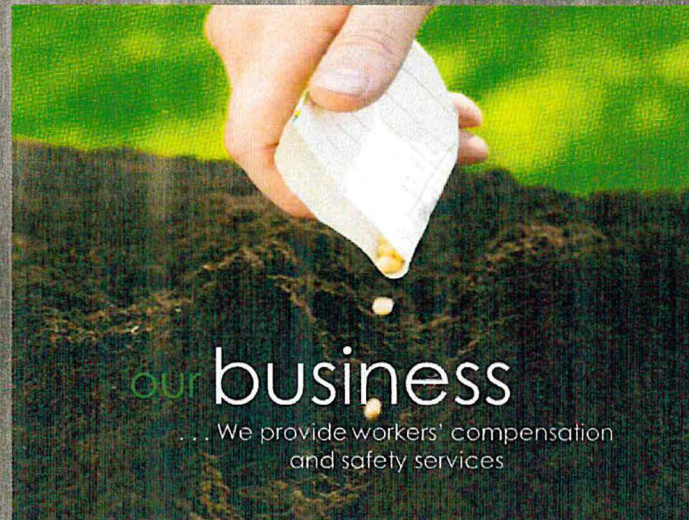
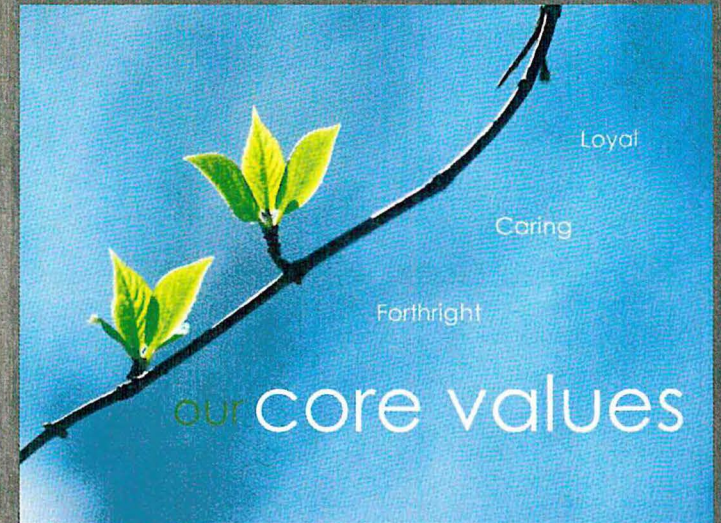
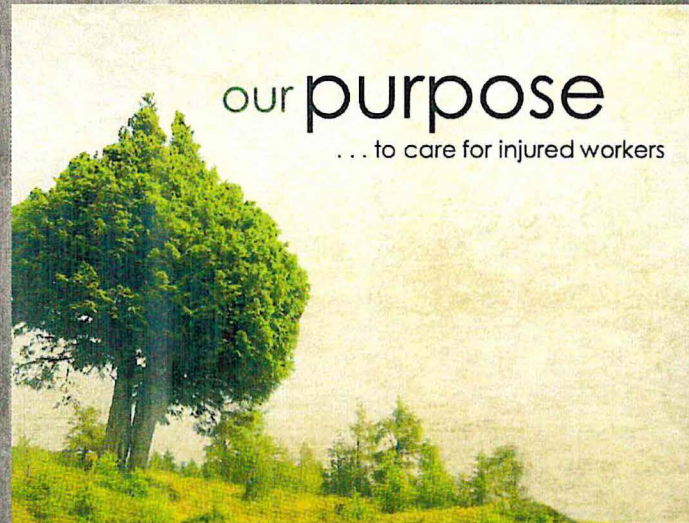
Our Vision

As the sole provider and administrator of workers' compensation in North Dakota, WSI's vision is a safe, secure, and healthy North Dakota workforce.

Who We Serve

State Population:	779,000
Covered Workforce	391,512
Employer Accounts	25,452
Number of Claims Filed Per Fiscal Year	17,483
WSI Staff	260 FTE
Net Earned Premiums	\$163M
WSI Assets	\$2.1B

WSI's Strategic Direction



WSI's Business

WSI's strategic plan has guided our focus and has resulted in a high performing organization that is valued by our stakeholders and recognized by industry leaders. **Our business is about relationships and partnerships.**

WSI's Strategic Direction

2022 N.D. Workforce Safety & Insurance – Strategic Management System



Core Purpose:
To care for injured workers

Business Definition:
We provide workers' compensation and safety services

Vision:
A safe, secure, and healthy North Dakota Workforce.

Core Values

Loyal

Caring

Forthright

Core Values



Revised: November 2, 2022

Strategic Anchors:

■ Initiative Completed ■ Initiative In Progress ■ Initiative not Started

Exceptional People

Exceptional Service

Financial Stability

Organizational Strategy Map:

Performance Measures:

Strategic Initiatives:

Thematic Goal Initiatives:

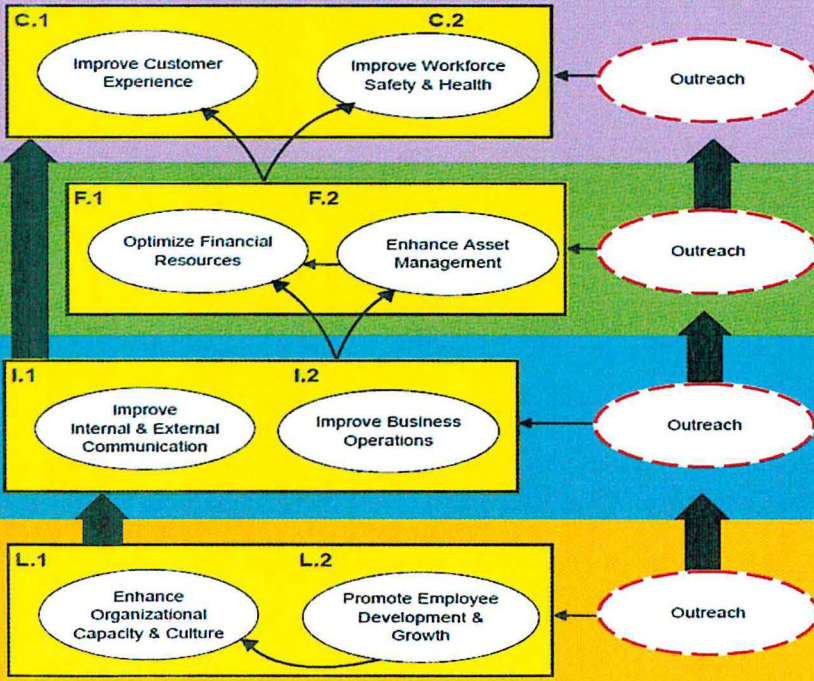
Strategic Perspectives

Customer

Finance

Internal Process

Learning & Growth



- C.1 Improve Customer Experience**
PM.1 Injured Worker Satisfaction Rate
PM.2 Employer Satisfaction Rate
PM.3 Provider Satisfaction Rate
- C.2 Improve Workforce Safety & Health**
PM.1 Indemnity Claims per 100 Covered Workers
PM.2 Total Claims per 100 Covered Workers
- F.1 Optimize Financial Resources**
PM.1 Fiscal Year Combined Ratio
PM.2 Investment Returns
PM.3 Available Surplus Ratio
PM.4 Annual Rate Change
- F.2 Enhance Asset Management**
PM.1 Periodic Investment Study
- I.1 Improve Internal/External Communication**
PM.1 Injured Worker Satisfaction Rate
PM.2 Employer Satisfaction Rate
PM.3 Provider Satisfaction Rate
PM.4 Employee Engagement Overall Satisfaction
- I.2 Improve Business Operations**
PM.1 Operational Measures
- L.1 Enhance Organizational Capacity**
PM.1 Operational Measures
- L.2 Promote Employee Development & Growth**
PM.1 Employee Engagement Overall Satisfaction
PM.2 - Employee Participation

- 1. myWSI
- 2. Texting/Instant Communication System
- 3. Business Gateway
- 4. Alternative Dispute Resolution Process
- 5. Chat Bot (Live Agent) —Integration with Customer Service
- 6. Universal Onboarding Process myWSI
- 7. Transactional Customer Experience Surveys
- 8. WSI University—Injury Services
- 9. WSI University—Employers
- 1. Investment Allocation Study
- 1. System Replacement Program (CAPS-Claims)
- 2. System Replacement Program (CAPS-Policy)
- 3. Business Analytics (Microsoft Power BI)
- 4. Multi-agency Coordination of Independent Contractor Assessment.
- 1. Change Management
- 2. Employee Engagement
- 3. Leadership Development Program
- 4. Cascade Strategic Plan Map at the Division Level

- (A) Employers**
 - Statewide IIC Forums
 - Target Other Industries —STEP Grant Opportunities
 - Discussion with Employer Groups
- (B) Injured Worker/Labor**
 - ND AFL-CIO
 - Injured Worker Counsel
- (C) Business Partners**
 - Outside Counsel
 - Office of Administrative Hearings (OAH)
 - Contracted SIU Investigators
 - Contracted Nurse Case Management
 - On-site Case Managers
 - Vocational Partners
 - Accident Fund/Guy Carpenter
 - Reinsurance (Guy Carpenter)
- (D) Medical Providers**
 - NDMA
 - ND Hospital Association
 - ND Pharmacy Association
 - ND Chiropractic Association
- (E) Legislative**
 - 2023 Overview & Legislative Preview

How WSI Measures Success

Safety Focus

Injury rates have been reduced by over 30% over the last decade. In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.

Strong Statutory Benefits

North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.

Few Disputes & Low Litigation

North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.6% of decisions issued proceed to an administrative court hearing.

Low Premiums

Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year. North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study).

Financially Strong

The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 17 out of 18 years. Average 5-year WSI fund investment returns was 4.2%.

Good Payor

Fair payment for medical and hospital services ensures injured workers access to quality healthcare. WSI fee schedules range from 158% to 217% of what Medicare would pay.

Enhance Technology

The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.

Customer Satisfaction

WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94

WSI's Success

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WSI 2023-2025 Biennial Appropriation Request

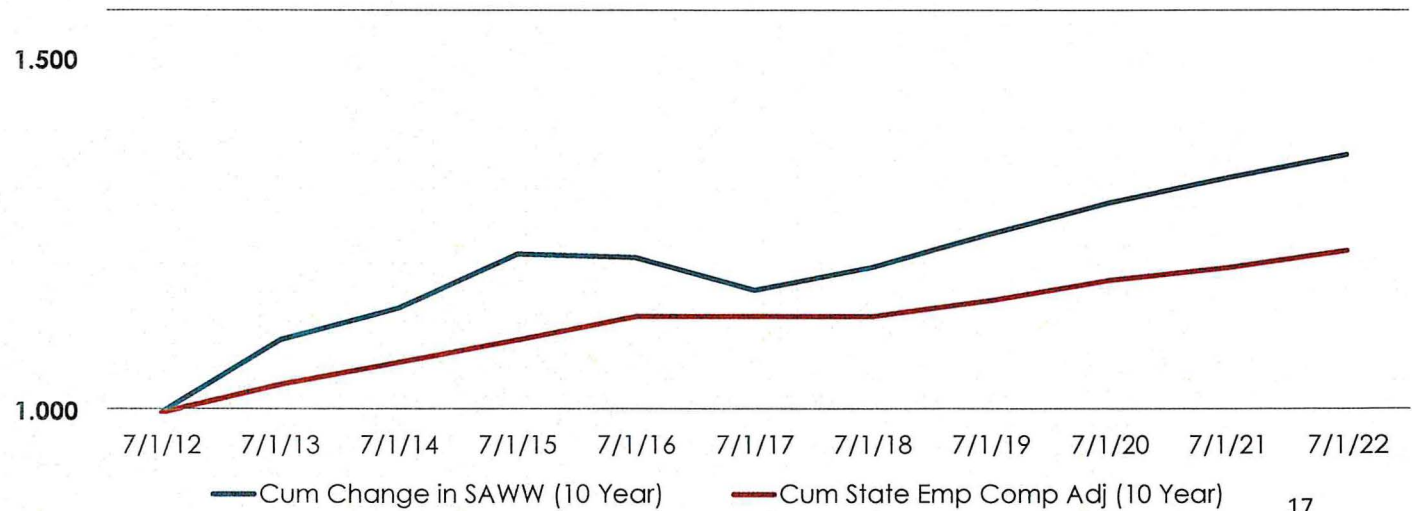
		2021-2023 WSI Appropriation	2023-2025 Governor's Recommendations
1	WSI Base Level Appropriation	\$62,122,928	\$68,944,955
	<u>One-Time Funding Description</u>		
	Claims and Policy System (CAPS)	\$7,500,000	\$4,950,000
	myWSI	\$3,050,000	\$1,830,000
	Building Updates	\$514,000	-
2	Total One-Time Funding	\$11,064,000	\$6,780,000
	WSI Biennial Appropriation (1 + 2)	\$73,186,928	\$75,724,955
	FTE Authority	260	260
	<ul style="list-style-type: none"> • Many of WSI's key initiatives are heavily dependent on the continued development CAPS and myWSI • The ongoing technology initiatives, primarily the two major projects, will be the key budget priorities • Unspent funds are returned to the WSI fund 		



Governor's Compensation Package (6 + 4)

- Over the last decade, State's Average Weekly Wage growth rate has outpaced state employee authorized compensation adjustments by about 2:1
- The continued trend will impact state employee retention

Cumulative SAWW Change vs. State Employee Comp Adjustments



One-Time Funding

Continued Development of Claims and Policy System (CAPS)

The goal of CAPS is to replace WSI's core business system software with web-based technology in order to improve customer service, enhance system maintainability and provide enhanced reporting and accessibility to information.

Current Biennium - \$7,500,000 Next Biennium - \$4,950,000

Continued Development of myWSI

The goal of myWSI is to create a secure, self-service portal for external customers and stakeholders to view, update, submit and retrieve information relating to interactions with WSI.

Current Biennium - \$3,050,000 Next Biennium - \$1,830,000

WSI Summary

- ✓ WSI is financially stable, with proven programs to reduce workplace injuries and to treat and return Injured Workers to the job.
- ✓ WSI is a good steward of premium dollars.
- ✓ WSI is a strong partner with the medical community.
- ✓ WSI is recognized for strong employee engagement and morale; Support of proposed total rewards package will help maintain and grow team.
- ✓ Governor's proposal would result in a total biennial increase, including one-time funding, of 3.5% from the prior biennium.

Questions

WSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.

Appendix

A1 – WSI Organization Chart

A2 – 2022 Financial Audit & ARPA Funding

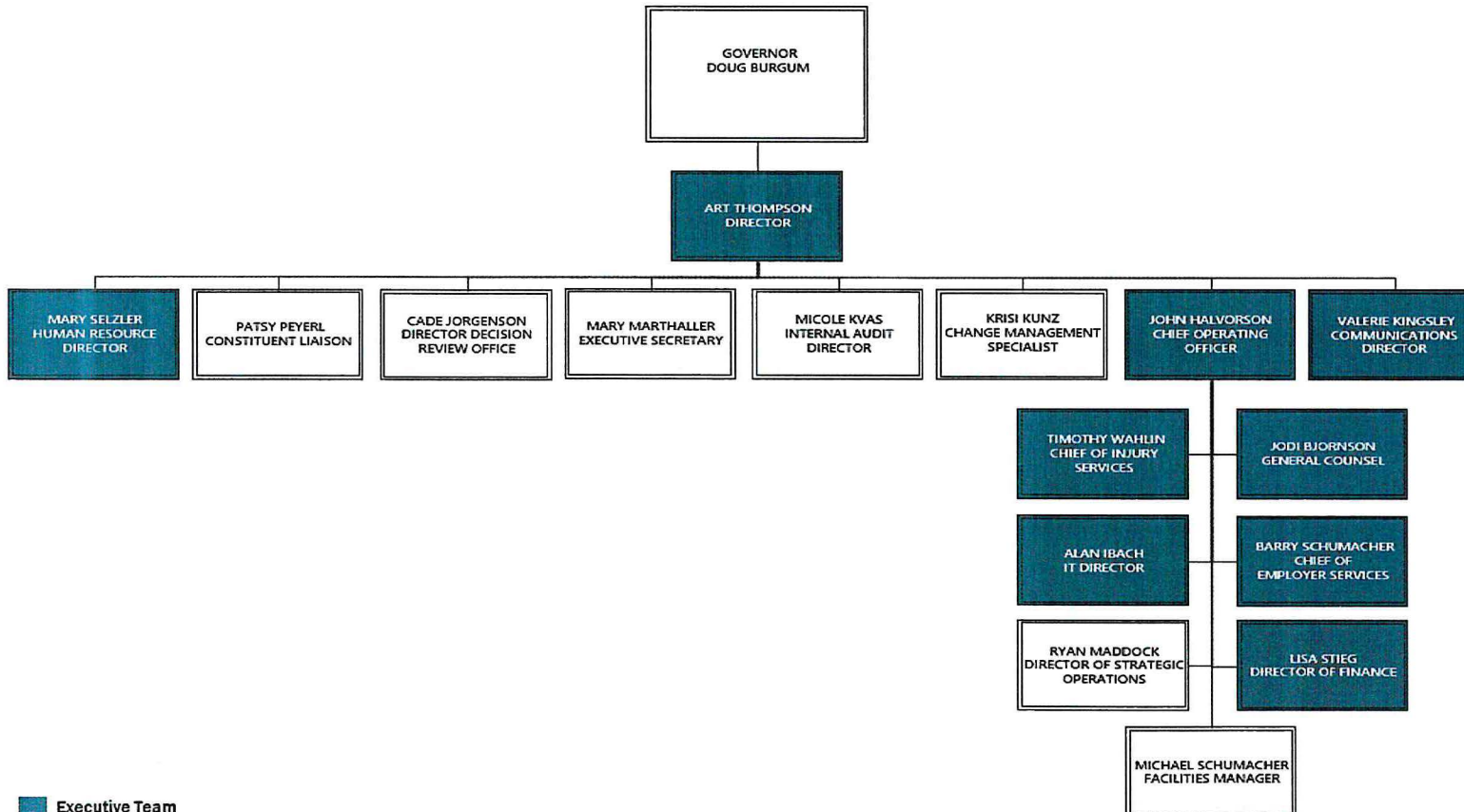
A3 – A7 Historical Trends

A8 – A11 State by State Average Weekly Wage & Benefit Comparison

A12 – A13 State by State Premium Comparisons

A14 – A18 Historical Workers' Compensation Benefit & Service Enhancement Legislation

WSI Organizational Chart



Executive Team

Financial Audit & ARPA Funding

Financial Audit

The FY2022 Financial Audit conducted by Eide Bailly noted no material weaknesses, no significant compliance findings, and no prior year findings to update.

ARPA Funding

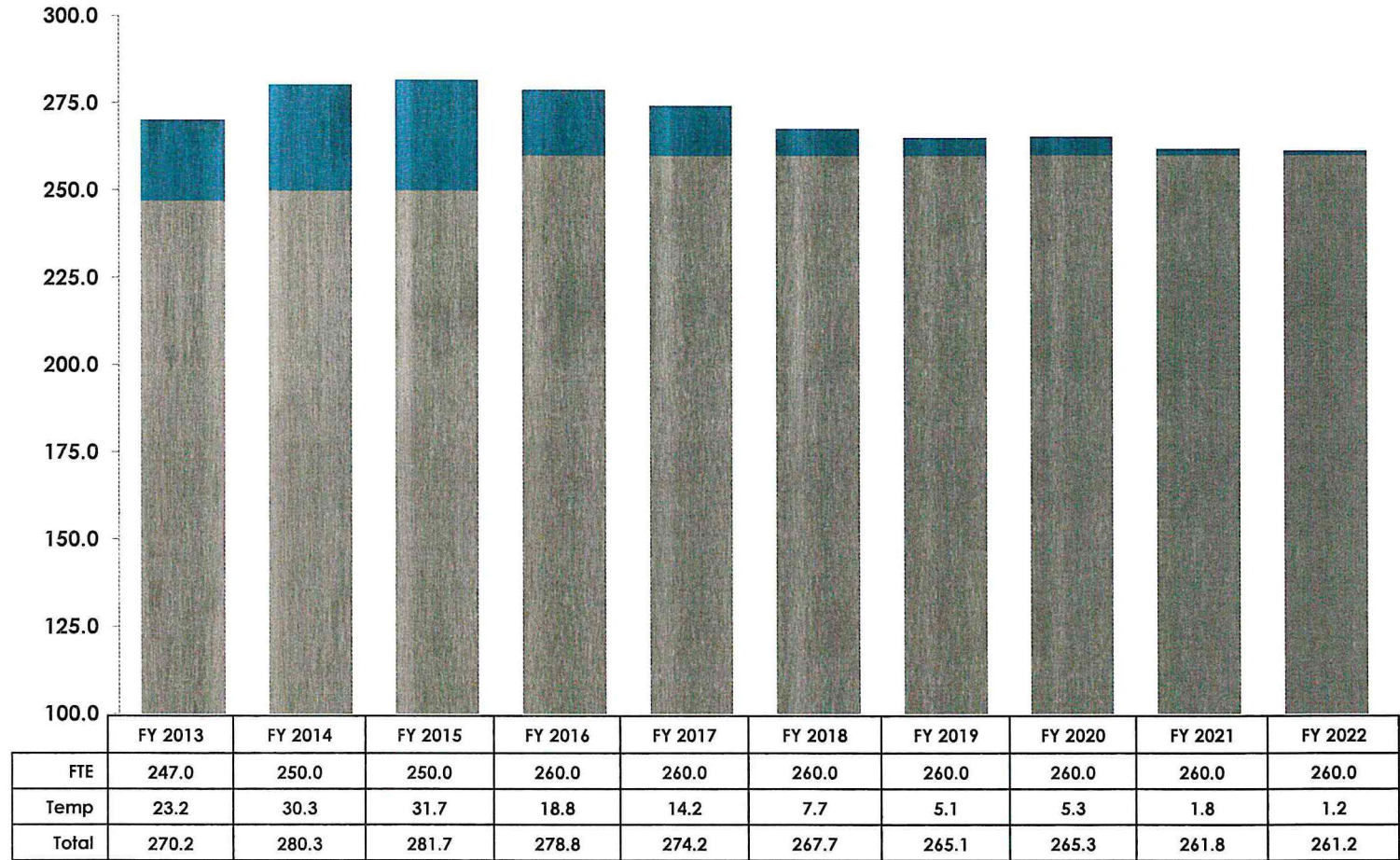
During the November 2021 special legislative session, WSI received \$291,000 from the American Resource Plan Act (ARPA) for a deferred maintenance project. This project will update and expand the existing DDC system and EMS to utilize the latest sequences and strategies.

WSI

North Dakota Workforce
Safety & Insurance

Employee Count

Employee Count by Fiscal Year

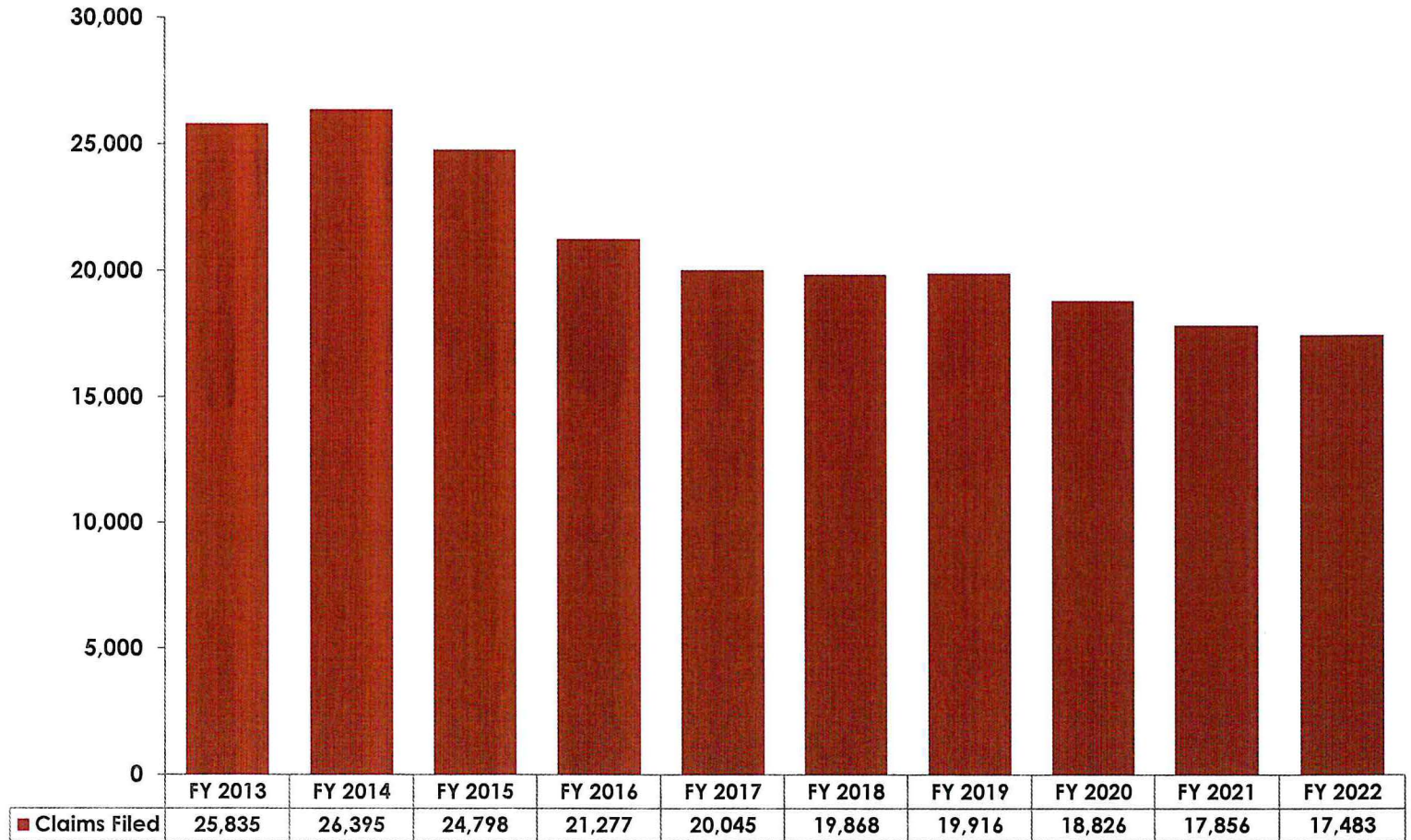


WSI

North Dakota Workforce
Safety & Insurance

Claims Filed

Claims Filed by Fiscal Year

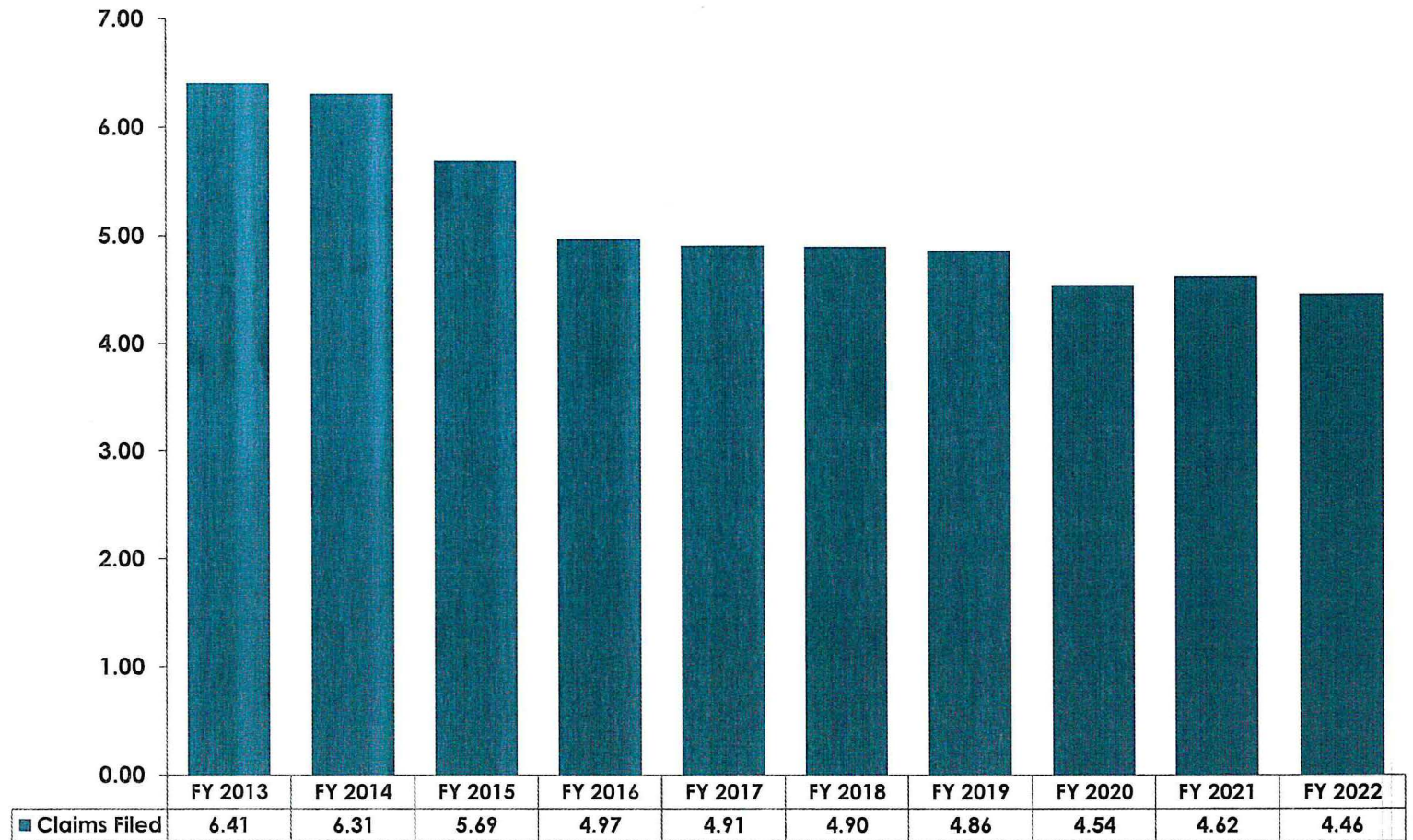


WSI

North Dakota Workforce
Safety & Insurance

Injury Rates

Claims Filed Per 100 Covered Workers

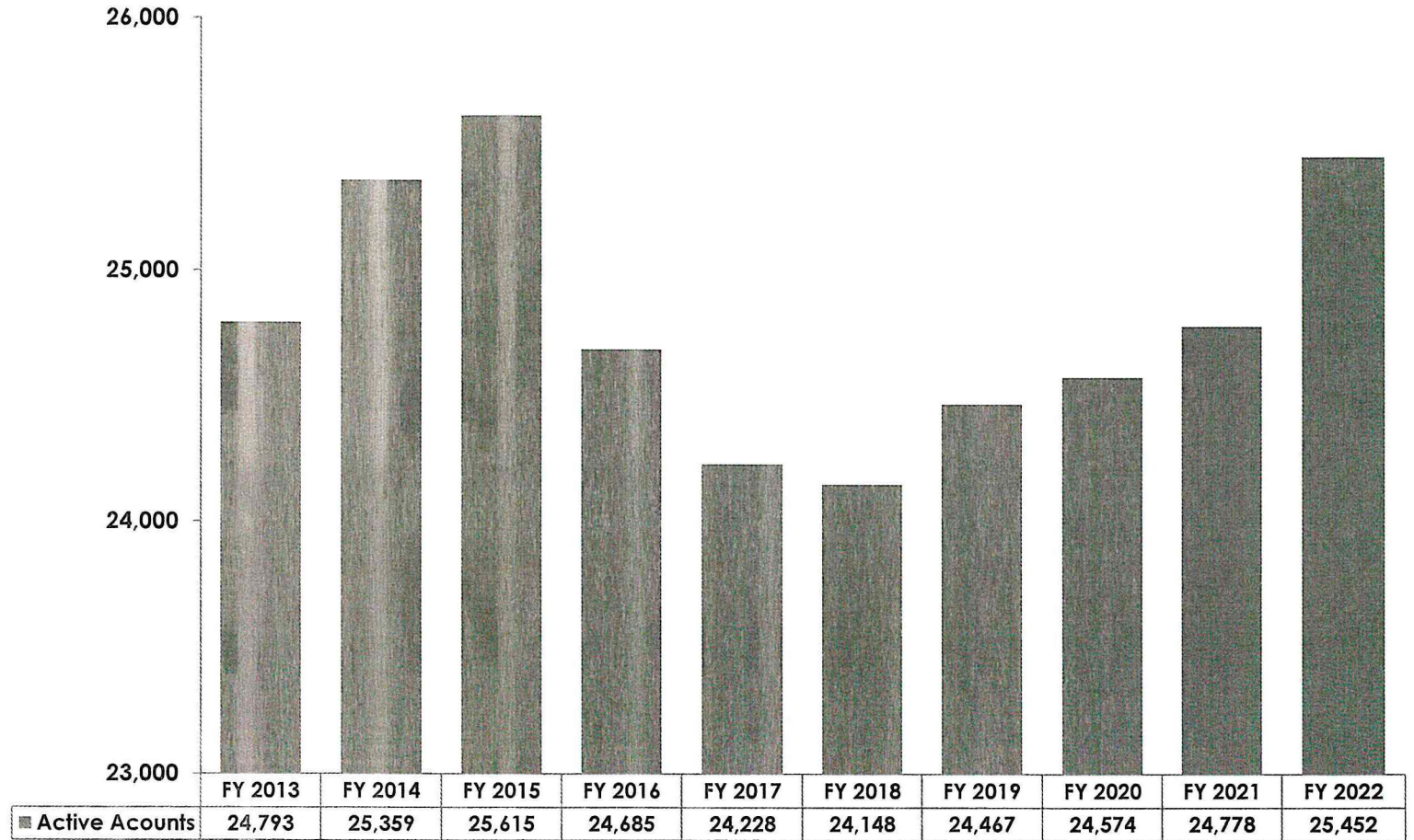


WSI

North Dakota Workforce
Safety & Insurance

Active Accounts

Active Employer Accounts

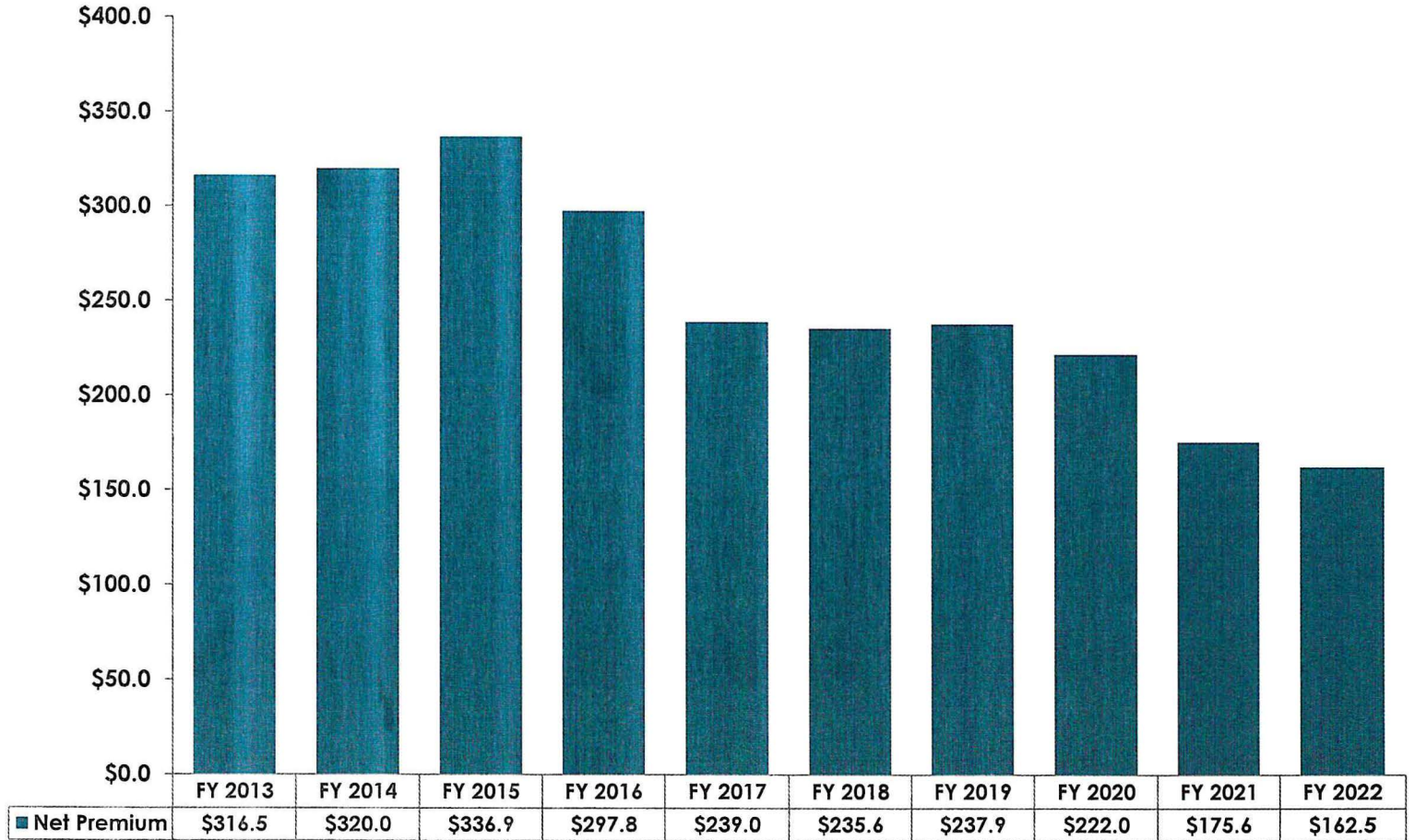


WSI

North Dakota Workforce
Safety & Insurance

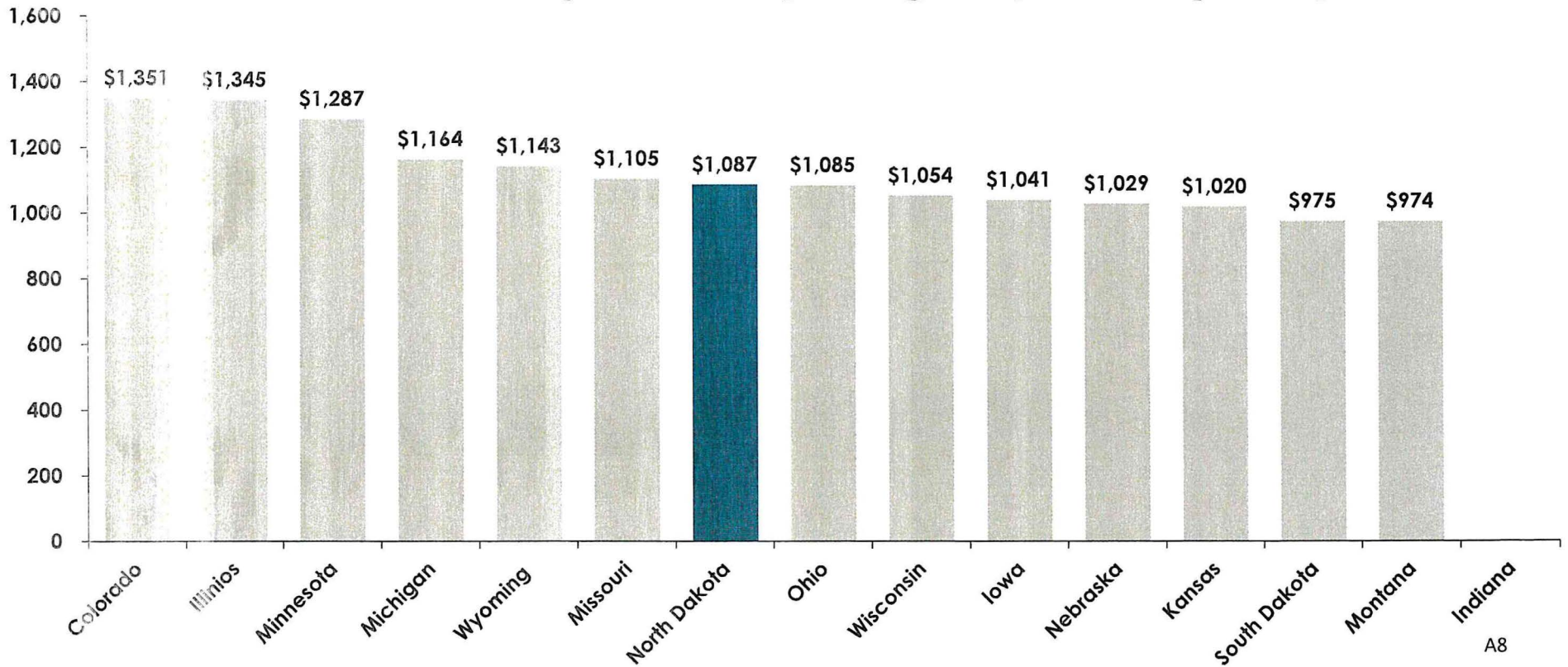
Net Earned Premiums

Net Earned Premiums (\$ Millions)



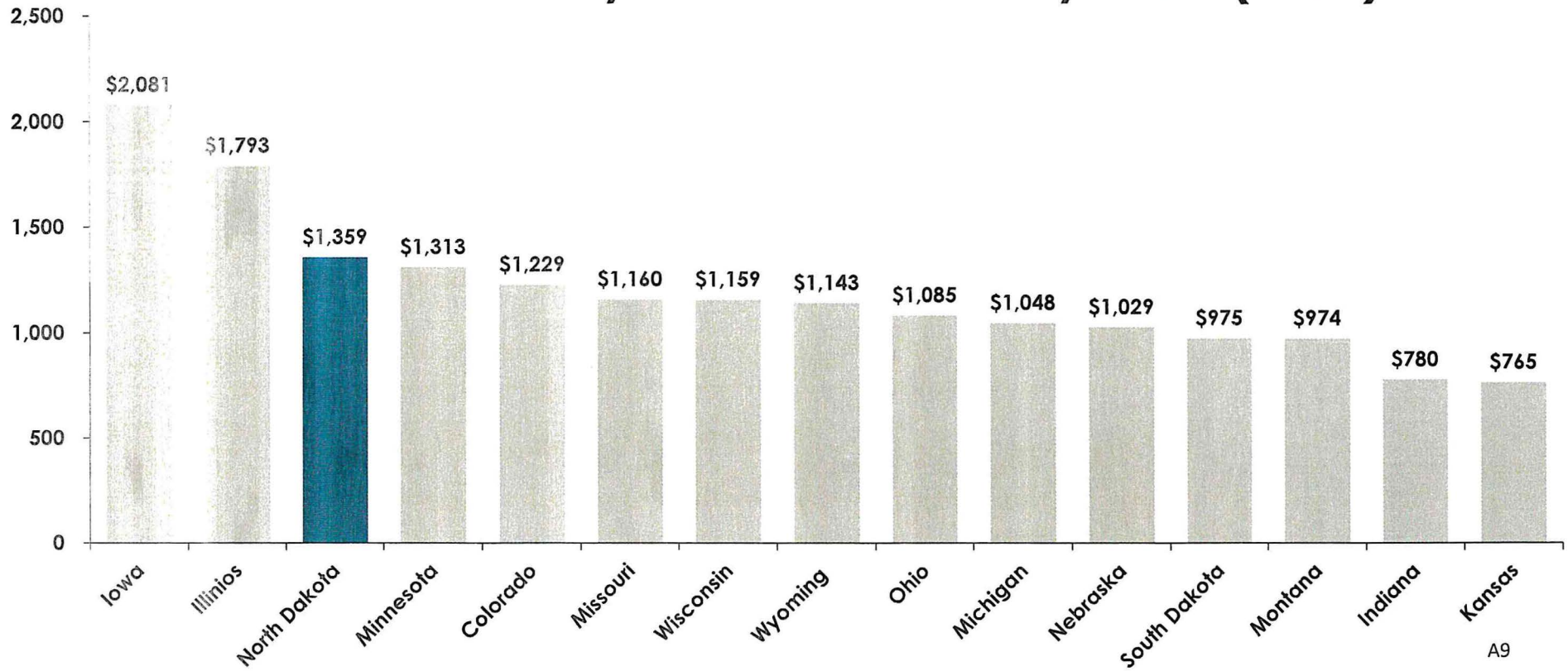
Benefit Comparison

State's Average Weekly Wage by State (2023)



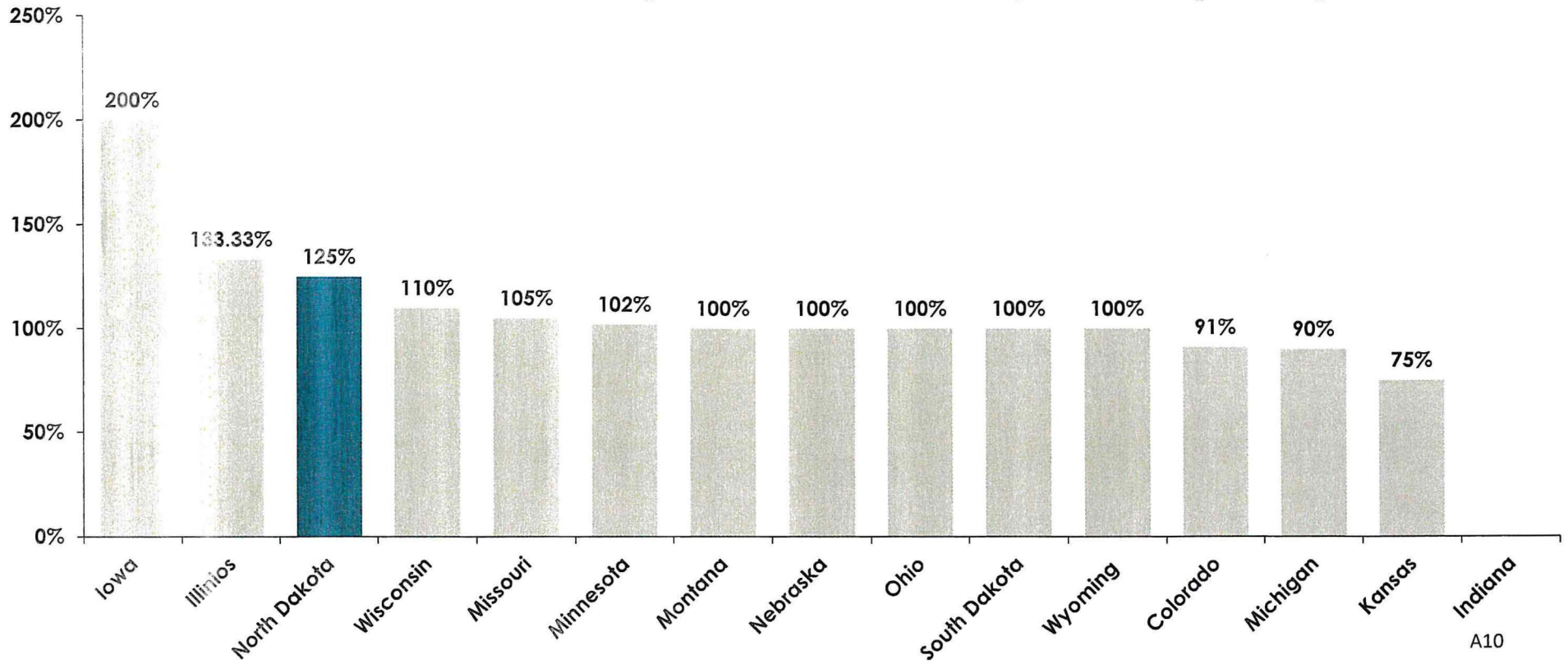
Benefit Comparison

Maximum Weekly Benefit Amount by State (2023)



Benefit Comparison

Maximum Weekly Benefit Rate by State (2023)

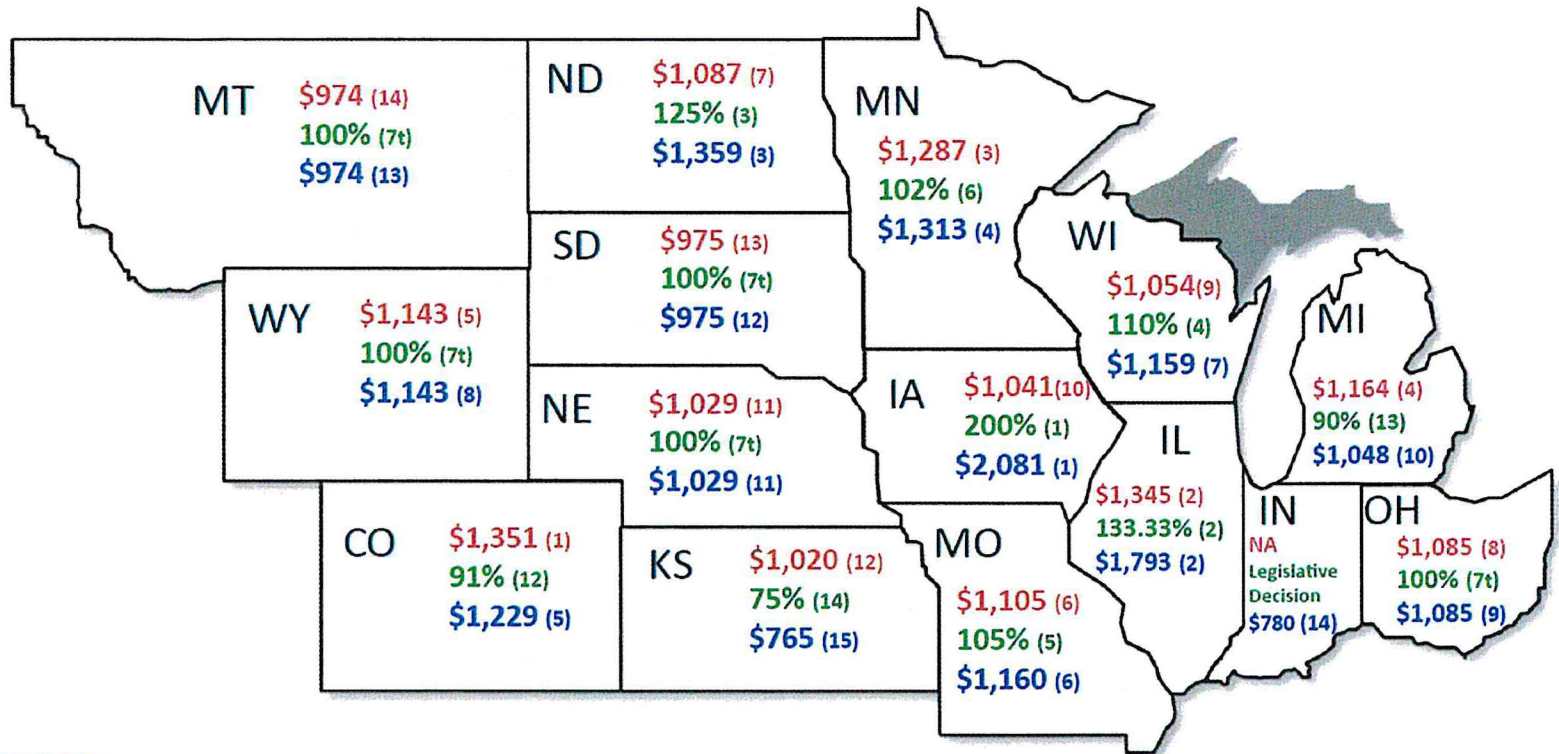


WSI

North Dakota Workforce
Safety & Insurance

Benefit Comparison

Midwest States: State's Average Weekly Wage, Maximum Benefit Rates and Maximum Weekly Benefit Amounts—2023



SAWW (WY uses State's Avg Monthly Wage—calculated quarterly—4th Qtr 2022 shown)

Max. Weekly Benefit Rate

Max. Weekly Benefit Amount (IN—FY2023 shown)

~ Information in Parenthesis = State Rank (#1 – highest to #15 – lowest)

~ Information Source: State Workers' Compensation Websites

WSI

North Dakota Workforce
Safety & Insurance

Premium
Index
Comparison

Per 2022 Oregon Study: Neighbor state's rates compared to North Dakota (before any dividends)



2.7X
Higher



2.2X
Higher



2.5X
Higher

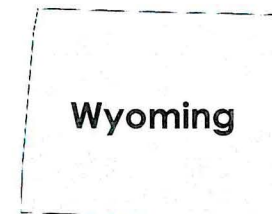
Monopolistic States: State's rates compared to North Dakota (before any dividends)



1.4X
Higher

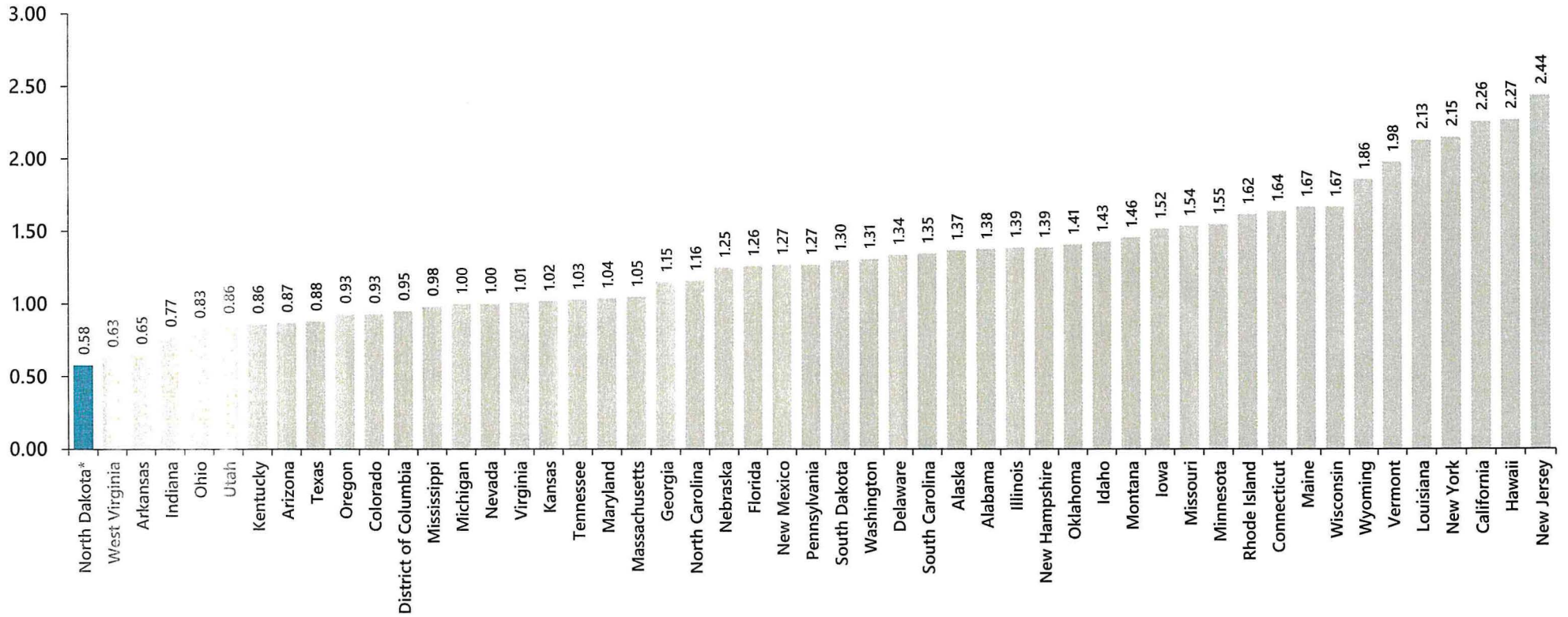


2.3X
Higher



3.2X
Higher

Premium Index Rate by State



* Source - 2022 Oregon Premium Ranking Study

Lowest  Highest

Historical Workers' Compensation Benefit & Service Enhancement Legislation

2021 Legislation

Extends injured worker appeal timeframes from 30 to 45 days after a notice of decision or administrative order has been issued (HB 1040)

Provides WSI a communication mode with relevant parties in the event of a deceased or incapacitated injured worker absent a signed release (HB 1084)

2019 Legislation

Required employer payroll reporting to be done electronically (HB 1072)

Requires healthcare providers to submit medical bills and documentation electronically no later than July 1, 2021 (HB 1073)

2017 Legislation

Provides for payments of an injured worker's attorney fees and costs at the level in which they prevailed regardless of whether the organization ultimately prevails (SB 2048)

Establishes a civil penalty in the amount of \$5,000 for an employer who willfully makes a false statement attempting to preclude an injured worker from securing benefits (SB 2094)

2015 Legislation

Expanded eligibility for the scholarship fund to include children up through age twenty-six (HB 1102)

Expanded the eligibility of children that can utilize the educational revolving loan fund (HB 1102)

2013 Legislation

Provided for a study of the preferred provider program (HB 1051)

Strengthened notification requirements for employers participating in the preferred provider program (HB 1052)

Increased benefits for National Guard members who are injured while serving on state active duty (HB 1080)

Expanded definition of law enforcement officer to include peace officers with the North Dakota Parks Department (SB 2134)

Increased vehicle and vehicle adaptation allowance from \$100,000 to \$150,000 (SB 2178)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2011 Legislation

Established a vocational rehabilitation grant program (HB 1050)

Provided up to two years of benefits for workers injured within two years of their presumed retirement date (HB 1051)

Reduced the threshold for percentage of whole-body impairment to qualify for a PPI award (HB 1055)

Increased permanent partial impairment awards (multipliers) for the lower impairment levels (HB 1055)

Expanded eligibility for the scholarship program (SB 2114)

Increased the annual cap that the organization can award in scholarships from \$300,000 to \$500,000 (SB 2114)

Increased the maximum scholarship amount payable per applicant from \$4,000 per year to \$10,000 per year (SB 2114)

Streamlined the personal reimbursement process for injured workers (SB 2114)

Expanded eligibility for the educational revolving loan fund (SB 2114)

2009 Legislation

Provided for payment of eyeglasses and other devices if an injury occurs and damages those prescriptive devices (HB 1061)

Provided for an extension of an additional 20 weeks to the current 104-week limit for retraining programs (HB 1062)

Increased the eligibility pool for job search benefits (HB 1062)

Established pilot program to assess new methods of providing rehabilitation services (HB 1062)

Established parameters of liability for medical expenses paid for treatment of unknown pre-existing conditions (HB 1063)

Shortened eligibility period for cost of living adjustments (COLAs) for pre-1/1/06 total disability claims from 7 to 3 years (HB 1064)

Expanded COLA eligibility for pre-1/1/06 claims to include temporary total benefit recipients (HB 1064)

Outlined coverage parameters for emergency volunteer healthcare practitioners (HB 1073)

Increased the maximum disability benefit from 110% to 125% of the state's average weekly wage (SAWW) (HB 1101)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2009 Legislation -- Continued

Increased lifetime cap on death benefits from \$250,000 to \$300,000 (HB 1101)

Increased burial expense from \$6,500 to \$10,000 and one-time payments for spouses and dependent children (HB 1101)

Increased the dependency allowance from \$10 to \$15 per week per child (HB 1101)

Increased pre-acceptance disability benefits from the minimum benefit rate to the standard rate (HB 1101)

Increased travel and other personal reimbursements on aggravation claims to 100% (HB 1101)

Provided up to six months benefits for the surviving spouse of a PTD that provided home health care during disability (HB 1455)

Provided that OAH conduct WSI hearings and that OAH's decisions are final (HB 1464)

Provided for a study of the post-retirement benefit structure to be conducted during the interim (HB 1525)

Provided that WSI outline reasons for disregarding a treating doctor's opinion (HB 1561)

Resolution to study workers' compensation laws regarding pre-existing injuries (HCR 3008)

Resolution to study injured worker access to legal representation (HCR 3013)

Established a clear and convincing evidence standard to rebut the presumption clause (SB 2055)

Provided door to door reimbursement of mileage to attend medical appointments (SB 2056)

Established a PPI schedule award for the partial loss of eye sight (SB 2057)

Distinguished an independent medical exam (IME) from an independent medical record review (IMR) (SB 2058)

Provided for attorney fees and costs for review of a claim after OIR completion (SB 2059)

Provided for a rehab training expense for maintaining a second household or traveling more than 25 miles to school (SB 2419)

Provided WSI make a reasonable effort to designate an IME doctor within a certain radius of worker's residence (SB 2431)

Shortened the time period in which an injured worker can request a change of doctor (SB 2432)

Provided that WSI notify injured workers of work search obligations (SB 2433)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2007 Legislation

- Provided funds for purchase or adaptation of motor vehicles for catastrophically injured (HB 1038)
- Provided increased post-retirement additional benefits for certain injured workers (HB 1038)
- Expanded the population that is eligible for death benefits (HB 1038)
- Shortened eligibility period for cost of living adjustments (COLAs) from seven years to three years (HB 1038)
- Expanded the eligibility pool for WSI's revolving loan fund (HB 1038)
- Provided inflation adjustment for long-term Temporary Partial Disability benefit recipients (HB 1140)
- Provided funds for the purchase or adaptation of motor vehicles for catastrophic and exceptional circumstance claims (HB 1411)
- Provided benefits for firefighters and law enforcement officers in the event of a false positive test (SB 2042)

2005 Legislation

- Established additional safety incentives (HB 1125)
- Established ongoing funding for safety education, grant, and incentive programs (HB 1125)
- Created retraining options for injured workers (HB 1171)
- Established an injured worker educational revolving loan fund (HB 1491)
- Increased the non-dependency death award (HB 1506)
- Increased post-retirement additional benefit payments (SB 2351)

2003 Legislation

- Increased lifetime cap on death benefits from \$197,000 to \$250,000 (HB 1060)
- Established a \$50,000 home remodeling and vehicle adaptation allowance for catastrophic injured workers (HB 1060)
- Increased the maximum amounts for scholarship awards (HB 1120)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2001 Legislation

Increased certain permanent partial impairment awards (HB 1161)

1999 Legislation

Increased permanent partial impairment awards for the severely impaired (HB 1422)

Increased the maximum disability benefit from 100% to 110% of the State's Average Weekly Wage (SB 2214)

Shortened the waiting period for eligibility for cost of living adjustments from 10 years to 7 years (SB 2214)

1997 Legislation

Increased weekly death benefits for surviving spouses (SB 2116)

Created the Guardian Scholarship program (SB 2116)

Established a post-retirement additional benefit (SB 2125)



GREATER NORTH DAKOTA CHAMBER
SB 2021
Senate Appropriations Committee
Education & Environment Division
Chairman Ron Sorvaag
January 22, 2023

Mr. Chairman and members of the Committee, my name is Andrea Pfennig with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of Senate Bill 2021.

WSI is an important partner to the business community in North Dakota. North Dakota continuously ranks as the lowest premium state in the country. WSI issued \$1.7 billion in employer dividends in the past 18 years. Additionally, North Dakota is known to be one of the least litigious workers' compensation systems in the country with only 0.6% of decisions issued proceeding to an administrative court hearing. It's important to note that this is all accomplished while offering strong benefits to injured workers for the life of the injury.

Based on this success, our members feel it is critical to maintain North Dakota's current workers compensation and unemployment insurance programs to meet business needs.

We urge a Do Pass on SB 2021.



SB 2021
Senate Appropriations Committee
Education & Environment Division
Chairman Ron Sorvaag
January 23, 2023

Mr. Chairman and members of the Committee, my name is Amanda Remyse, and I am writing to you on behalf of the the North Dakota Motor Carriers Association (NDMCA), **in support** of SB 2021.

WSI is an important partner to the trucking industry. NDMCA members support North Dakota's existing monopolistic workers' compensation insurance system. It benefits employees by providing fair payment for medical and hospital services for injured workers. It also benefits employers with the lowest premiums in the country.

NDMCA thanks the Committee for your consideration and urges a **do pass** recommendation.

2023 Senate Bill No. 2021
Testimony before the Senate Education & Environment Appropriations Committee

Presented by:
Art Thompson, WSI Director
Workforce Safety & Insurance
January 25, 2023

Mr. Chairman and Members of the Committee:

Good morning. My name is Art Thompson, Director of Workforce Safety & Insurance (WSI). I am here today to provide brief testimony on Senate Bill 2021, WSI's Appropriation bill. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

On January 5 we provided the full Senate Appropriations Committee a comprehensive overview of WSI. The primary focus of my testimony today will be on the budget details.

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars (**slide 2**).

As discussed in the overview, WSI is financially stable, provides excellent service, and is overall functioning very well. Key indicators include (**slide 3-4**):

- Safety Focus and Programs
- Strong Statutory Benefits
- Few Disputes & Low Litigation
- Financially Strong
- Low Premiums
- Good Payor to Medical Providers
- High Customer Satisfaction
- Enhanced Technology

With that brief recap, I would like to focus now on the specifics of WSI's appropriation (**slide 5**).

WSI 2023-2025 Appropriation Request

**Budget Recommendation
2023-2025 SB 2021**

Budget Overview	2021-2023 Appropriation	2023-2025 Governor's Recoomendation	Variance
Salary & Fringe Benefits (base level)	51,625,492	51,408,976	
Executive Recommendation Revisions			
Agency Salary & Fringe increases		4,608,051	
Total Salary & Fringe		56,017,027	
Total Operating	10,497,436	12,927,928	
Base Budget Total	62,122,928	68,944,955	11.0%
One-Time items			
CAPS	7,500,000	4,950,000	
myWSI	3,050,000	1,830,000	
Building Updates	514,000	-	
Total One Time Items	11,064,000	6,780,000	-38.7%
Total Budget	73,186,928	75,724,955	3.5%
Total FTE's	260.14	260.14	0.0%

The Governor's Budget Recommendation for WSI includes:

- The 6% and 4% salary and benefits package. This compensation package is necessary to maintain pace with the private sector as well as the continued support of state-funded benefits for employees (**slide 6**).
- \$4.95 million in one-time funding for the continuation of the development of the claims and policy system (CAPS); (**slide 7-9**) and
- \$1.83 million in one-time funding for the continuation of the myWSI extranet enhancement project (**slide 7-8 & 10**).

- WSI is funded solely by employer premiums and receives no general fund dollars. The legislature has granted WSI the same FTE authority since the 2015-17 biennium. WSI views the FTE authority as a number, as we base overall staffing levels on workloads, which can fluctuate. To illustrate, during the peak of the oil boom, we were at capacity for FTE authority and hired up to 32 temporary employees to make sure WSI customers were served. Claims activity and workloads were reduced throughout the pandemic years resulting in FTE vacancies that are currently on hold with a temporary employee count of 0.7. Unused funds associated with WSI vacant FTEs stay with the WSI fund (**slide 11**).

The Governor's recommended budget for 2023-25 would result in a total biennial budget increase, including one-time funding items, of 3.5% from the current biennium. We firmly believe the technology initiatives outlined above will only serve to make us even better in the services that we provide.

In closing, thank you for your time today and your consideration of WSI's biennial appropriation. I would be glad to answer any questions that you may have.

Great State of
North Dakota

Senate

Appropriations

Education & Environment
Committee

WSI

North Dakota Workforce
Safety & Insurance

Art Thompson | Director
January 25, 2023

WSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.™

Who We Are

About Us

WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65).

WSI is a special fund agency and receives no general fund dollars.

Our Vision

As the sole provider and administrator of workers' compensation in North Dakota, WSI's vision is a safe, secure, and healthy North Dakota workforce.

How WSI Measures Success

Safety Focus

Injury rates have been reduced by over 30% over the last decade. In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.

Strong Statutory Benefits

North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.

Few Disputes & Low Litigation

North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.6% of decisions issued proceed to an administrative court hearing.

Low Premiums

Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year. North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study).

How WSI Measures Success

Financially Strong

The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 17 out of 18 years. Average 5-year WSI fund investment returns was 4.2%.

Good Payor

Fair payment for medical and hospital services ensures injured workers access to quality healthcare. WSI fee schedules range from 158% to 217% of what Medicare would pay.

Enhance Technology

The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.

Customer Satisfaction

WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94



WSI 2023-2025 Biennial Appropriation Request

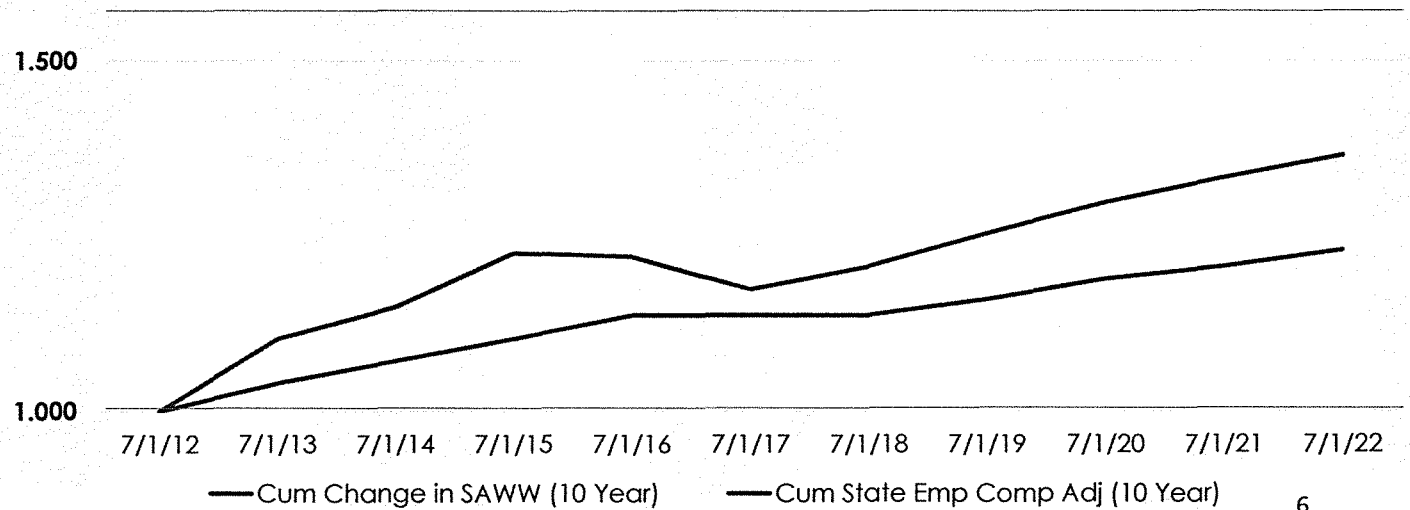
		2021-2023 WSI Appropriation	2023-2025 Governor's Recommendations
1	WSI Base Level Appropriation	\$62,122,928	\$68,944,955
	<u>One-Time Funding Description</u>		
	Claims and Policy System (CAPS)	\$7,500,000	\$4,950,000
	myWSI	\$3,050,000	\$1,830,000
	Building Updates	\$514,000	-
2	Total One-Time Funding	\$11,064,000	\$6,780,000
	WSI Biennial Appropriation (1 + 2)	\$73,186,928	\$75,724,955
	FTE Authority	260	260
	<ul style="list-style-type: none"> • Many of WSI's key initiatives are heavily dependent on the continued development CAPS and myWSI • The ongoing technology initiatives, primarily the two major projects, will be the key budget priorities • Unspent funds are returned to the WSI fund 		



Governor's Compensation Package (6 + 4)

- Over the last decade, State's Average Weekly Wage growth rate has outpaced state employee authorized compensation adjustments by about 2:1
- The continued trend will impact state employee retention

Cumulative SAWW Change vs. State Employee Comp Adjustments



One-Time Funding

Continued Development of Claims and Policy System (CAPS)

The goal of CAPS is to replace WSI's core business system software with web-based technology in order to improve customer service, enhance system maintainability and provide enhanced reporting and accessibility to information.

Current Biennium - \$7,500,000 Next Biennium - \$4,950,000

Continued Development of myWSI

The goal of myWSI is to create a secure, self-service portal for external customers and stakeholders to view, update, submit and retrieve information relating to interactions with WSI.

Current Biennium - \$3,050,000 Next Biennium - \$1,830,000

One-Time Funding

	CAPS	myWSI
Projects: Timelines & One-Time Funding		
Program Start Date	July 2015	November 2016
Current Estimated End Date *	May 2031	September 2026
Program Total Spent To-Date	\$ 16,745,803	\$ 3,900,036
Total Estimated Expenditures Remaining	\$ 20,101,118	\$ 2,762,244
Estimate of Total Program Cost at Completion **	\$ 36,846,921	\$ 6,662,280

* This estimated end date is dependent upon the detailed planning and baselines of the individual projects

** Figures as of 11/30/2022

CAPS Project Status

Completed

Releases 1-9

- **Scope:** Work Management, Forms, and All Policy Functionality – Registration, Adjustments, Accounting, Payroll Reporting, Loss Control
- **Timeframe:** July 2015 - August 2022
- **Actual Cost:** \$15,852,030 (12% under budget)

In Progress

Release 10

- **Scope:** Claim Registration, Coverage, Status
- **Timeframe:** May 2022-Aug 2023
- **Budget:** \$2,449,647

Remaining

Releases 11-17

- **Scope:** Claim Maintenance, Wages, Reserves, Payments, Medical, Legal, Field, Fraud
- **Expected Timeframe:** 2023-2030
- **Expected Budget:** \$18.5M

myWSI Project Status

Completed

Releases 1-5

- Scope:** Provider Bill Status, Utilization Review, Safety and Ergonomics, Payroll Reporting, Employer Dashboard, DMP
- Timeframe:** August 2015-August 2022
- Actual Cost:** \$3,327,751 (3% under budget)

In Progress

Release 6

- Scope:** Employer Online Application for Insurance, Chatbot
- Timeframe:** June 2022-August 2023
- Budget:** \$1,524,361

Remaining

Releases 7-9

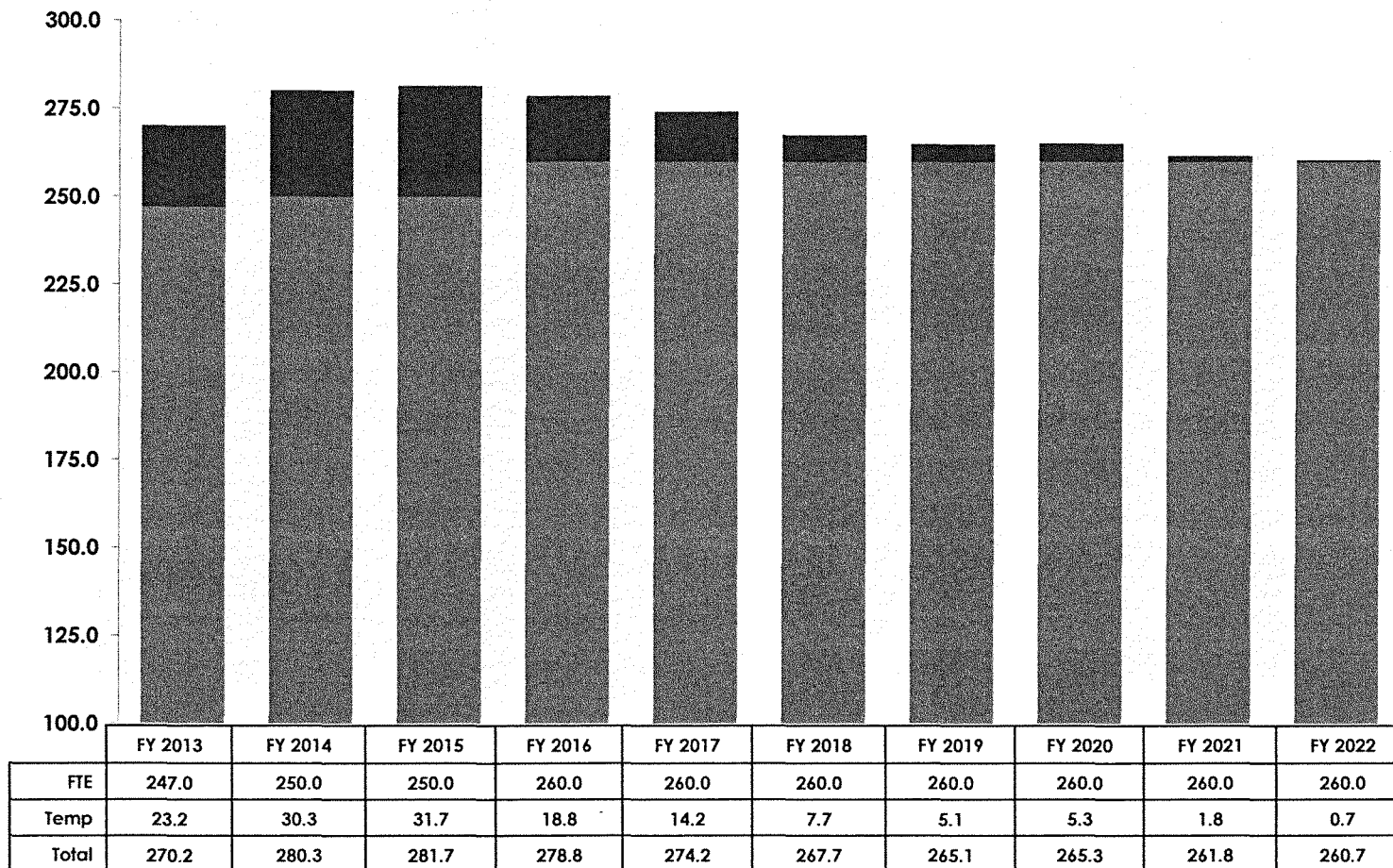
- Scope:** Provider and Injured Employee Dashboards
- Expected Timeframe:** 2023-2026
- Expected Budget:** \$1.8M

WSI

North Dakota Workforce
Safety & Insurance

Employee Count

Employee Count by Fiscal Year



WSI Summary

- ✓ Governor's proposal would result in a total biennial increase, including one-time funding, of 3.5% from the prior biennium.
- ✓ Support of proposed total rewards package will help maintain and grow team.
- ✓ \$4.95 million in one-time funding for the continued development of the claims and policy system (CAPS); and \$1.83 million in one-time funding for the continuation of the myWSI extranet enhancement project.
- ✓ Staffing levels are based on workload and the needs of the organization. Vacant FTEs are evaluated as needed.
- ✓ Work on one-time funding projects is currently on-schedule and under budget.

Questions

WSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.

WSI Contact: Valerie Kingsley
vkingsley@nd.gov
701-328-3885

NORTH DAKOTA WORKFORCE SAFETY & INSURANCE CLAIMS AND POLICY SYSTEM (CAPS) PROJECT

BUSINESS NEEDS

- Replace internal core legacy client-server systems with current web-based technology
- Provide easier access to information and reportability of data
- Improve system navigation and ease of use for WSI team members
- Enhance system maintainability
- Enable WSI to stay current with technology and take advantage of future enhancements

IMPLEMENTATION APPROACH

- Large, multi-year initiative with multiple releases
- Each release, 're-faces' portions of core legacy systems into a new user interface, retaining data and programming logic
- This approach minimizes risk and costs by replacing WSI's core systems *incrementally*, into production
- Each release is managed as a major IT project per state requirements
- The consecutive rollouts require intense collaboration and dedication by many team members across WSI, ServiceLogix (vendor partner) and NDIT
- Benefits of the incremental approach:
 - Includes continuous technology and business improvements as part of the process
 - More adaptive to business needs
 - Minimizes risk and costs

PROJECT STATUS

Completed

Releases 1-9

- **Scope:** Work Management, Forms, and All Policy Functionality – Registration, Adjustments, Accounting, Payroll Reporting, Loss Control
- **Timeframe:** July 2015-Aug 2022
- **Actual Cost:** \$15,852,030 (12% under budget)

In Progress

Release 10

- **Scope:** Claim Registration, Coverage, Status
- **Timeframe:** May 2022-Aug 2023
- **Budget:** \$2,449,647

Remaining

Releases 11-17

- **Scope:** Claim Maintenance, Wages, Reserves, Payments, Medical, Legal, Field, Fraud
- **Expected Timeframe:** 2023-2030
- **Expected Budget:** \$18.5M

MEASURING SUCCESS

"I really enjoy the functionality of CAPS. Each time a new release is deployed the functionality is great and easy to move around, work, and learn the new system with ease."

"The adjustment process is so much easier than it had been, and it is really nice to have verifications and employer applications behave so similarly."

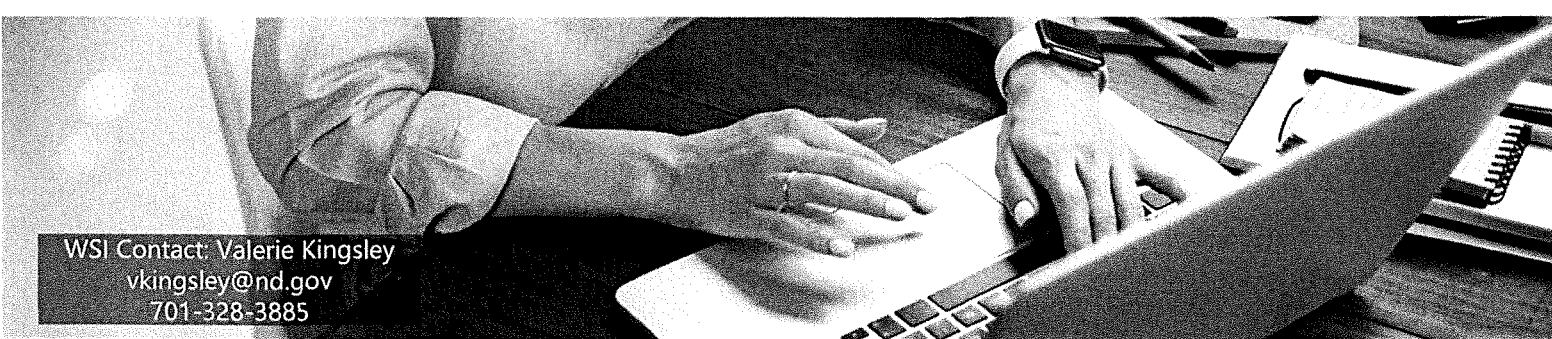
"Automating the optional coverage contracts eliminates a manual process for the underwriters"

"Gathering payroll detail using the same application in a revised payroll report is a major accomplishment."

"The adjustments alone are wonderful. To be able to do them in less than half the time is a dream. Those letters in the forms tool as well are GREAT!"

"For our employers – the combined statements; for our employees – easy to navigate system."

"Love the statement preview functionality, the fact that you can make an adjustment and see the results real time."



WSI Contact: Valerie Kingsley
vkingsley@nd.gov
701-328-3885

NORTH DAKOTA WORKFORCE SAFETY & INSURANCE myWSI PROJECT

BUSINESS NEEDS

- Establish a secure portal for employers, medical providers, and injured employees to access, submit, and view WSI specific information
- Support WSI's strategic objective to improve communication
- Streamline processes related to information from/to external stakeholders
- Increase availability and usage of information for WSI's stakeholders and partners

IMPLEMENTATION APPROACH

- Large, multi-year initiative with multiple releases
- Each release delivers new external-facing functionality into production, ready to be used
- Each release is managed as a major IT project per state requirements
- Each release schedule is tightly integrated with CAPS project releases, using a shared vendor (ServiceLogix), ensuring efficient project processes
- The consecutive rollouts require intense collaboration and dedication by many team members across WSI, ServiceLogix (vendor partner), and NDIT

PROJECT STATUS

Completed

Releases 1-5

- **Scope:** Provider Bill Status, Utilization Review, Safety and Ergonomics, Payroll Reporting, Employer Dashboard, DMP
- **Timeframe:** Aug 2015-Aug 2022
- **Actual Cost:** \$3,327,751 (3% under budget)

In Progress

Release 6

- **Scope:** Employer Online Application for Insurance, Chatbot
- **Timeframe:** June 2022-Aug 2023
- **Budget:** \$1,524,361

Remaining

Releases 7-9

- **Scope:** Provider and Injured Employee Dashboards
- **Expected Timeframe:** 2023-2026
- **Expected Budget:** \$1.8M

MEASURING SUCCESS

"The new dashboard in myWSI is awesome and easier to maneuver through. Sending an invite is so much quicker, simpler, as is adding roles to an existing user."

"The new online payroll reporting is a great upgrade. For our employers to not have an access code to start the payroll report is a really good thing. Most of the accountants are pleased that the access code went away."

"I really like the new functionality in myWSI!"

"One of the success stories is expanding our client base utilizing myWSI."

"I can see the URC UR Chiro applications that were deployed as very valuable to the UR Department. They will help provide better/faster service to the injured workers!"

Prepared for the Senate Appropriations Committee

**Department 485 - Workforce Safety and Insurance
Senate Bill No. 2021**

Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2023-25 Executive Budget	\$0	\$75,724,955	\$75,724,955
2023-25 Base Level	0	62,122,928	62,122,928
Increase (Decrease)	\$0	\$13,602,027	\$13,602,027

Selected Budget Changes Recommended in the Executive Budget

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases of which \$3,418,583 is for salary increases and \$1,189,468 is for health insurance increases	\$0	\$4,608,051	\$4,608,051
2. Increases funding from the Workforce Safety and Insurance (WSI) fund for information technology (IT) contractual services for software support to provide a total of \$9,387,940 for IT contractual services.	\$0	\$1,637,572	\$1,637,572
3. Adds one-time funding from the WSI fund for the claims and policy system replacement project. The project began in 2015 and is expected to be complete in January 2030 at an estimated total cost of \$34.5 million.	\$0	\$4,950,000	\$4,950,000
4. Adds one-time funding from the Workforce Safety and Insurance fund for the myWSI enhancement project. The project began in 2017 and is expected to be complete in March 2026 at an estimated total cost of \$6.9 million.	\$0	\$1,830,000	\$1,830,000

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

There are no additional sections recommended for this agency.

Continuing Appropriations

Collection agency fees - North Dakota Century Code Section 54-06-29 - Payment of fees to The Affiliated Group to assist in collection of past-due accounts.

Information fund - Section 65-01-13 - Money in the WSI information fund is appropriated on a continuing basis for the payment of publication and statistical processing expenses incurred by the agency.

Alternative dispute resolution - Section 65-01-18 - Up to \$50,000 in the WSI fund is appropriated each biennium on a continuing basis for an alternative dispute resolution pilot program to assess alternative options to resolve disputes with injured employees.

Building maintenance account - Section 65-02-05.1 - Money in the WSI building maintenance account is appropriated on a continuing basis for bond principal and interest payments, operating, maintenance, repair, and payment in lieu of taxes expenses of the buildings and grounds.

Allocated loss adjustment expenses - Section 65-02-06.1 - Money in the WSI fund is appropriated on a continuing basis for the payment of all allocated loss adjustment expenses experienced by the agency.

Litigation expense - Section 65-02-06.2 - Money in the WSI fund is appropriated on a continuing basis for expenses associated with litigating employer-related issues and for payment of organization expenses associated with litigating medical provider-related issues.

Reinsurance and other states' coverage - Section 65-02-13.1 - Money in the WSI fund is appropriated on a continuing basis to allow the agency to establish a program of reinsurance and a program of extraterritorial coverage and other states' insurance.

Insurance fraud unit - Section 65-02-23 - Money in the WSI fund is appropriated on a continuing basis for the payment of costs associated with identifying, preventing, and investigating employer or provider fraud.

Independent performance evaluation - Section 65-02-30 - Money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

Credit card fees - Section 65-02-38 - Money in the WSI fund is appropriated on a continuing basis for the purpose of paying fees associated with credit or debit card payments made to the organization.

Safety programs - Section 65-03-04 - Money in the WSI fund is appropriated on a continuing basis for the purpose of funding work safety and loss prevention programs.

Preferred worker program - Section 65-05-36 - Money in the WSI fund is appropriated on a continuing basis for the payment of the expense of conducting a biennial independent performance evaluation.

Educational revolving loan fund - Section 65-05.1-08 - Money in the WSI educational revolving loan fund is appropriated on a continuing basis to maintain the fund and provide loans to individuals wanting to pursue a postsecondary education.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for WSI conducted by Eide Bailly LLP, for the period ending June 30, 2022, identified no significant audit findings.

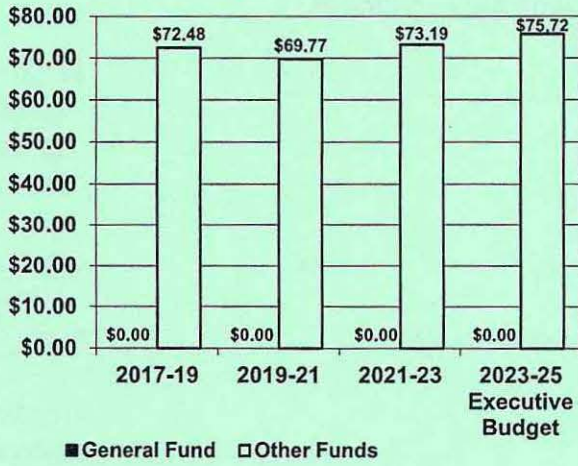
Major Related Legislation

Senate Bill No. 2038 - This bill would repeal Section 65-02-30, which provides money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

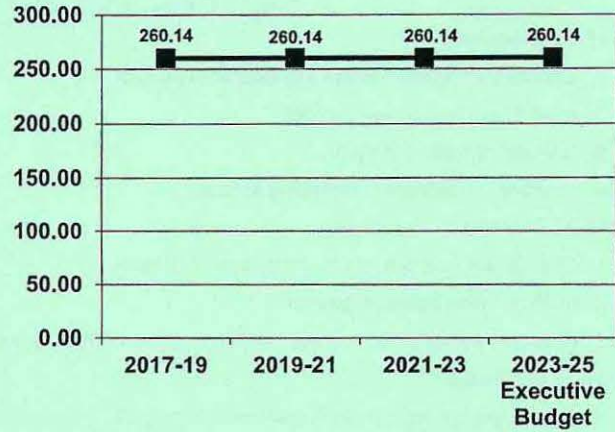
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
Ongoing other funds appropriations	\$61,865,170	\$63,473,062	\$60,887,842	\$62,122,928	\$68,944,955
Increase (decrease) from previous biennium	N/A	\$1,607,892	(\$2,585,220)	\$1,235,086	\$6,822,027
Percentage increase (decrease) from previous biennium	N/A	2.6%	(4.1%)	2.0%	11.0%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	2.6%	(1.6%)	0.4%	11.4%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Reduced funding for temporary salaries (\$357,942)
2. Increased funding for operating expenses, including increases in professional service fees and IT data processing \$1,199,920
3. Removed funding for credit card fees (\$1,200,000)

2019-21 Biennium

1. Unfunded 6 FTE positions (\$1,012,252)
2. Reduced funding for operating expenses, primarily related to professional service fees (\$2,332,176)

2021-23 Biennium

1. Reduced funding for operating expenses, primarily related to travel, IT software supplies, rent, IT data processing, IT contractual services and repairs, and professional development (\$1,332,010)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding from the WSI fund for IT contractual services for software support \$1,637,572

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25 Executive Budget
One-time general fund appropriations	\$7,000,000	\$9,008,597	\$8,878,052	\$11,064,000	\$6,780,000

Major One-Time Other Funds Appropriations

2017-19 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$8,120,097 |
| 2. myWSI enhancement project | \$538,500 |
| 3. Internal reporting system | \$275,000 |
| 4. Electronic payment processing system | \$75,000 |

2019-21 Biennium

- | | |
|--|-------------|
| 1. Claims and policy system replacement project | \$7,010,000 |
| 2. myWSI enhancement project | \$850,000 |
| 3. COVID-19 pandemic first responder workers compensation claims (federal funds) | \$1,018,052 |

2021-23 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$7,500,000 |
| 2. myWSI enhancement project | \$3,050,000 |
| 3. WSI building upgrades | \$514,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$4,950,000 |
| 2. myWSI enhancement project | \$1,830,000 |

Workforce Safety and Insurance - Budget No. 485
Senate Bill No. 2021
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	260.14	\$0	\$62,122,928	\$62,122,928
2023-25 Ongoing Funding Changes				
Adds funding for the cost to continue salary increases			\$379,160	\$379,160
Salary increase			3,418,583	3,418,583
Health insurance increase			1,189,468	1,189,468
Adds funding for IT rate increases			197,244	197,244
Adds funding for IT contractual services for software support			1,637,572	1,637,572
Total ongoing funding changes	0.00	\$0	\$6,822,027	\$6,822,027
One-time funding items				
Adds funding for the claims and policy system replacement			\$4,950,000	\$4,950,000
Adds funding for the myWSI enhancement project			1,830,000	1,830,000
Total one-time funding changes	0.00	\$0	\$6,780,000	\$6,780,000
Total Changes to Base Level Funding	0.00	\$0	\$13,602,027	\$13,602,027
2023-25 Total Funding	260.14	\$0	\$75,724,955	\$75,724,955
<i>Federal funds included in other funds</i>			\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%		11.0%	11.0%
<i>Total changes as a percentage of base level</i>	0.0%		21.9%	21.9%

Other Sections in Workforce Safety and Insurance - Budget No. 485

Executive Budget Recommendation

There are no additional sections for this agency.

SENATE BILL NO. 2021
(Governor's Recommendation)

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of workforce safety and insurance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from the workforce safety and insurance fund in the state treasury, not otherwise appropriated, to workforce safety and insurance, for the biennium beginning July 1, 2023 and ending June 30, 2025, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce Safety and Insurance Operations	\$62,122,928	\$13,602,027	\$75,724,955
Total Special Funds	\$62,122,928	\$13,602,027	\$75,724,955
Full-time Equivalent Positions	260.14	(0.00)	260.14

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation of section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
CAPS Software Replacement Project	\$7,500,000	\$ 4,950,000
Extranet Computer Project	3,050,000	1,830,000
Building Energy Updates	514,000	0
Total Other Funds	\$11,064,000	\$6,780,000

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The workforce safety and insurance agency shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.

23.0275.01001

Sixty-eighth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2021

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and
2 insurance; to provide an exemption; and to provide for a report.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
5 as may be necessary, are appropriated from special funds derived from the workforce safety
6 and insurance fund in the state treasury, not otherwise appropriated, to workforce safety and
7 insurance, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows.

<u>Governor's</u>			
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
<u>Workforce safety and insurance</u>	<u>\$62,122,928</u>	<u>\$75,724,955</u>	<u>\$62,122,928</u>
<u>operations</u>			
<u>Total special funds</u>	<u>\$62,122,928</u>	<u>\$75,724,955</u>	<u>\$62,122,928</u>
<u>Full-time equivalent positions</u>	<u>260.14</u>	<u>260.14</u>	<u>260.14</u>

<u>Adjustments or</u>			
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
<u>Workforce safety and insurance</u>	<u>\$62,122,928</u>	<u>\$12,763,904</u>	<u>\$74,886,832</u>
<u>operations</u>			
<u>Total special funds</u>	<u>\$62,122,928</u>	<u>\$12,763,904</u>	<u>\$74,886,832</u>
<u>Full-time equivalent positions</u>	<u>260.14</u>	<u>0.00</u>	<u>260.14</u>

20 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

21 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
22 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
23 one-time funding items included in the appropriation in section 1 of this Act:

1	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
2	Claims and policy system replacement project	\$7,500,000	\$0
3	MyWSI extranet enhancement project	3,050,000	0
4	Building upgrades	514,000	0
5	Total special funds	\$11,064,000	\$0
6	<u>Claims and policy system replacement project</u>	<u>\$7,500,000</u>	<u>\$4,950,000</u>
7	<u>MyWSI extranet enhancement project</u>	<u>3,050,000</u>	<u>1,830,000</u>
8	<u>Building upgrades</u>	<u>514,000</u>	<u>0</u>
9	<u>Total special funds</u>	<u>\$11,064,000</u>	<u>\$6,780,000</u>

10 The 2023-25 biennium one-time funding amounts are not a part of the entity's base budget
11 for the 2025-27 biennium. Workforce safety and insurance shall report to the appropriations
12 committees of the sixty-ninth legislative assembly on the use of this one-time funding for the
13 biennium beginning July 1, 2023, and ending June 30, 2025.

14 **SECTION 3. EXEMPTION - DEFERRED MAINTENANCE.** The amount of \$291,000
15 transferred from the office of management and budget to workforce safety and insurance from
16 federal funds derived from the state fiscal recovery fund pursuant to subsection 10 of section 1
17 of chapter 550 of the 2021 Session Laws is not subject to section 54-44.1-11 and is available for
18 deferred maintenance of the workforce safety and insurance building during the biennium
19 beginning July 1, 2023, and ending June 30, 2025.

Workforce Safety and Insurance - Budget No. 485
Senate Bill No. 2021
Base Level Funding Changes

Prepared for: 2/7/2023

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	260.14	\$0	\$62,122,928	\$62,122,928	260.14	\$0	\$62,122,928	\$62,122,928	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases												
Salary increase			\$379,160	\$379,160			\$379,160	\$379,160				\$0
Health insurance increase			3,418,583	3,418,583			2,553,097	2,553,097			(\$865,486)	(\$865,486)
Adds funding for IT rate increases			1,189,468	1,189,468			1,216,831	1,216,831			27,363	27,363
Adds funding for IT contractual services for software support			197,244	197,244			197,244	197,244				0
Total ongoing funding changes	0.00	\$0	\$6,822,027	\$6,822,027	0.00	\$0	\$5,983,904	\$5,983,904	0.00	\$0	(\$838,123)	(\$838,123)
One-Time Funding Items												
Adds funding for the claims and policy system replacement project			\$4,950,000	\$4,950,000			\$4,950,000	\$4,950,000				\$0
Adds funding for the myWSI enhancement project			1,830,000	1,830,000			1,830,000	1,830,000				0
Total one-time funding changes	0.00	\$0	\$6,780,000	\$6,780,000	0.00	\$0	\$6,780,000	\$6,780,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$13,602,027	\$13,602,027	0.00	\$0	\$12,763,904	\$12,763,904	0.00	\$0	(\$838,123)	(\$838,123)
2023-25 Total Funding	260.14	\$0	\$75,724,955	\$75,724,955	260.14	\$0	\$74,886,832	\$74,886,832	0.00	\$0	(\$838,123)	(\$838,123)
<i>Federal funds included in other funds</i>			\$0				\$0				\$0	
<i>Total ongoing changes as a percentage of base level</i>	0.0%		11.0%	11.0%	0.0%		9.6%	9.6%				
<i>Total changes as a percentage of base level</i>	0.0%		21.9%	21.9%	0.0%		20.5%	20.5%				

Other Sections in Workforce Safety and Insurance - Budget No. 485

Executive Budget Recommendation

There are no additional sections for this agency.

Senate Version

There are no additional sections for this agency.

**2023 Engrossed Senate Bill No. 2021
Testimony before the House Appropriations Committee
Education & Environment Division**

**Presented by:
Art Thompson, WSI Director
Workforce Safety & Insurance
March 3, 2023**

Mr. Chairman and Members of the Committee:

Good morning. My name is Art Thompson, Director of Workforce Safety & Insurance (WSI). I am here today to provide testimony on Engrossed Senate Bill 2021, WSI's Appropriation bill. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

My testimony today will be brief. We have provided you with PowerPoint slides. I will reference various slides that will assist in providing you an overall picture of WSI.

Background

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars **(slide 2)**.

WSI provides coverage to over 25,000 North Dakota businesses with an estimated covered workforce of 391,000. WSI receives approximately 18,000 claims per year **(slide 3)**.

WSI's Core Purpose is "To care for injured workers". That is why WSI exists **(slide 4)**.

To accomplish this, WSI has a well-established strategic plan. The strategic plan has guided our focus and has resulted in a high performing organization that is valued by our stakeholders and recognized by industry leaders **(slide 5 – 6)**.

Throughout history, the North Dakota Legislature has also worked closely with WSI to develop policy to help ensure this purpose is fulfilled.

Collectively, this has resulted in a high performing workers compensation system. Success measures include a variety of performance indicators that we track on a routine basis (**slides 7 - 8**):

- Safety Focus
 - WSI has 13 Loss Control Specialists located regionally in ND to assist employers with safety assessment and safety program and grant implementation.
 - We have seen a 30% injury rate reduction in the last decade.
 - In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.
 - WSI has issued \$64.7M in safety grants since 2005.

- Strong Statutory Benefits
 - North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.
 - WSI administers a constitutionally created fund for the benefit of injured workers. Funds are not available for any other purpose.
 - North Dakota's maximum weekly benefit rate is the 3rd highest when compared to the 15 Midwest states (see **slides A8 – A11** for additional benefit information).

- Few Disputes & Low Litigation
 - North Dakota is known to be one of the least litigious workers' compensation systems in the country.
 - Only 0.6% of decisions issued proceed to an administrative court hearing.
 - Utilize Decision Review Office to provide initial analysis and review of disputed claims.

- Financially Strong
 - State law outlines WSI's required surplus levels which are 20% to 40% of reserve liabilities.
 - If WSI's surplus exceeds statutory surplus requirements; the statute requires dividends to be issued to policyholders.
 - The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 18 years.

- For the current year, a 50% dividend credit was declared, which equates to an estimated \$80 million dividend.
- Historically, favorable returns from WSI's investment portfolio have resulted in additional surplus growth.
- WSI fund investment returns for the last five years (FYs 2018-2022) have averaged 4.2%, ranging between -9.04% and 11.57% per year.
- Low Premiums
 - Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year.
 - North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study) this is approximately 54% lower than the median rate.
- Good Payor to Medical Providers
 - Fair payment for medical and hospital services ensures injured workers access to quality healthcare.
 - WSI fee schedules range from 158% to 217% of what Medicare would pay.
- High Customer Satisfaction
 - WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94
- Enhanced Technology
 - The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.
 - We are committed to improving our technology and response to customer needs through two long-term system upgrades that will be discussed in more detail in our budget recommendation discussion.

- This compensation package is necessary to maintain pace with the private sector as well as the continued support of state-funded benefits for employees.
- \$4.95 million in one-time funding for the continuation of the development of the claims and policy system (CAPS); and
- \$1.83 million in one-time funding for the continuation of the myWSI extranet enhancement project.
- No change in FTE authority. WSI is funded solely by employer premiums and receives no general fund dollars. Unused funds associated with WSI vacant FTEs stay with the WSI fund.
- WSI received \$291,000 ARPA funds for deferred maintenance during the November 2021 special legislative session specifically to update and expand our existing DDC system. Although it is fully anticipated this project should be completed by the end of this biennium, Section 3 of Engrossed SB2021 allows for an exemption to carry these funds over to the 23-25 biennium in the event the project is not completed by June 30, 2023.

Overall, Engrossed SB 2021 is only a 2.3% increase from the current biennium.

Additionally, and for your benefit, included within the appendix of the PowerPoint is the following:

A1 – WSI Organization Chart

A2 – Financial Audit

A3 – A7 Historical Trends

A8 – A11 State by State Average Weekly Wage & Benefit Comparisons

A12 – A13 State by State Premium Comparisons

A14 – A18 Historical Workers Compensation Benefit & Service Enhancement Legislation

WSI is financially stable, provides excellent service, and is overall functioning very well. In closing, thank you for your time today and your consideration of WSI's biennial appropriation. At this time, I would be glad to answer any questions that you may have.

Great State of
North Dakota

House
Appropriations
Education &
Environment Division

WSI

North Dakota Workforce
Safety & Insurance

Art Thompson | Director
March 3, 2023

WSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.™

Who We Are

About Us

WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65).

WSI is a special fund agency and receives no general fund dollars.

Our Vision

As the sole provider and administrator of workers' compensation in North Dakota, WSI's vision is a safe, secure, and healthy North Dakota workforce.

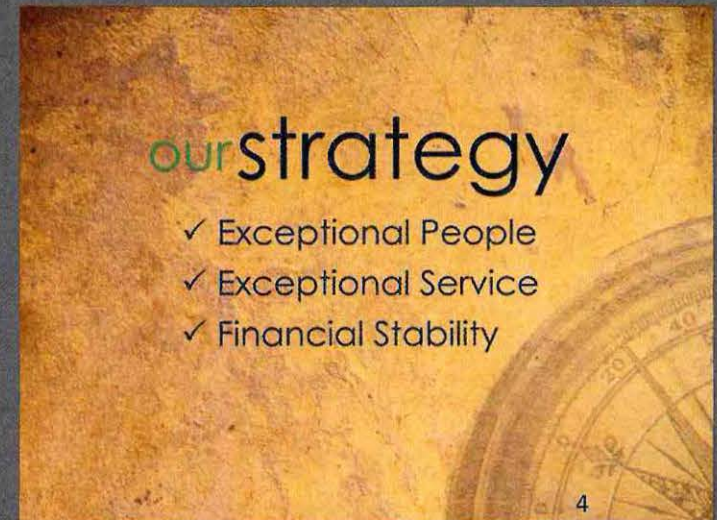
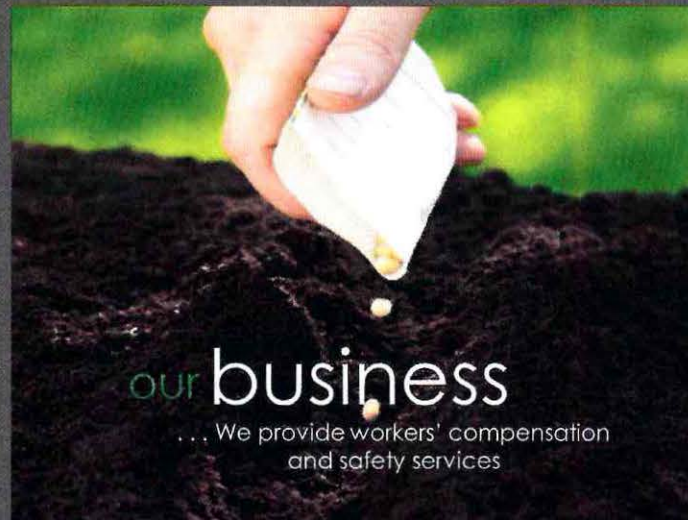
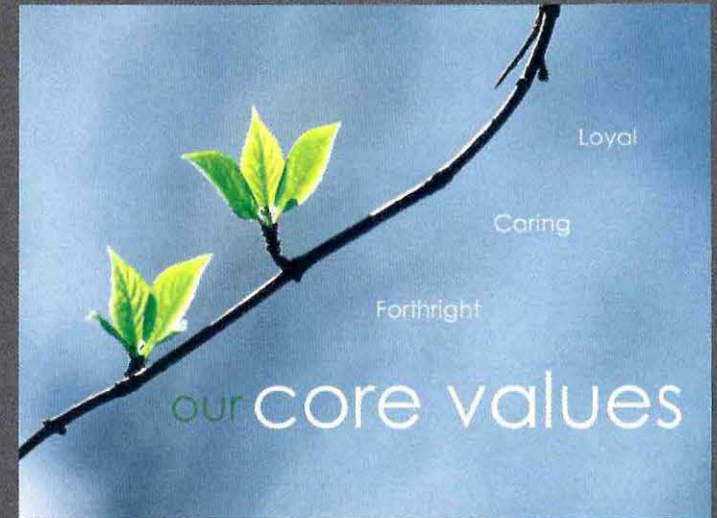
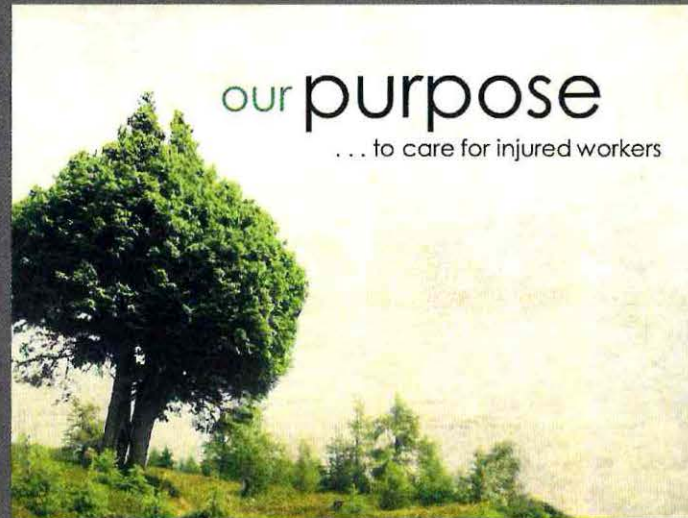
Who We Serve

State Population:	779,000
Covered Workforce	391,512
Employer Accounts	25,452
Number of Claims Filed Per Fiscal Year	17,483
WSI Staff	260 FTE
Net Earned Premiums	\$163M
WSI Assets	\$2.1B

WSI's Business

WSI's strategic plan has guided our focus and has resulted in a high performing organization that is valued by our stakeholders and recognized by industry leaders. **Our business is about relationships and partnerships.**

WSI's Strategic Direction



WSI's Strategic Direction

2022 N.D. Workforce Safety & Insurance – Strategic Management System



Core Purpose:
To care for injured workers

Business Definition:
We provide workers' compensation and safety services

Vision:
A safe, secure, and healthy North Dakota Workforce.

Core Values

Loyal

Caring

Forthright

Core Values



Revised: November 2, 2022

Strategic Anchors:

■ Initiative Completed
 ■ Initiative in Progress
 ■ Initiative not Started

Exceptional People

Exceptional Service

Financial Stability

Organizational Strategy Map:

Performance Measures:

Strategic Initiatives:

Thematic Goal Initiatives:

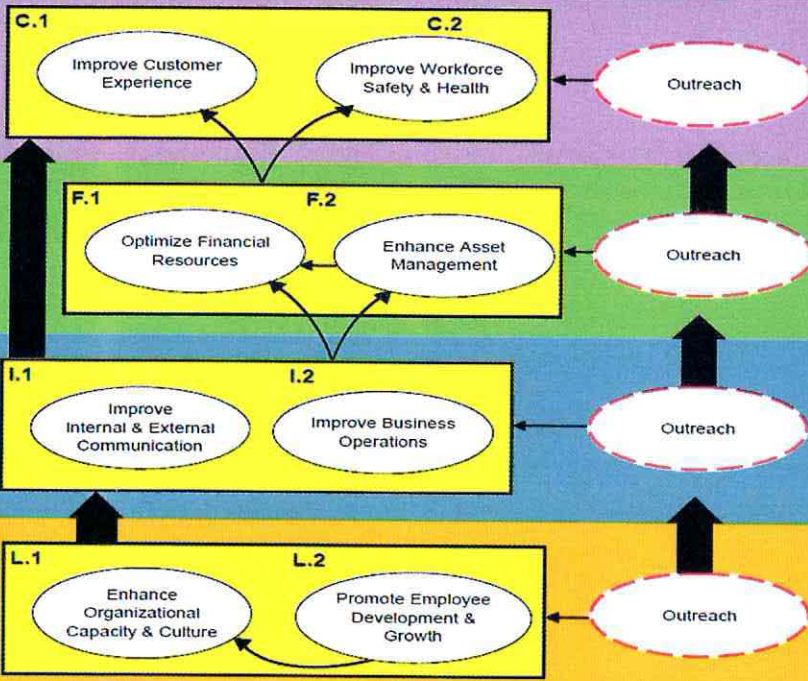
Strategic Perspectives

Customer

Finance

Internal Process

Learning & Growth



- C.1 Improve Customer Experience**
PM.1 Injured Worker Satisfaction Rate
PM.2 Employer Satisfaction Rate
PM.3 Provider Satisfaction Rate
- C.2 Improve Workforce Safety & Health**
PM.1 Indemnity Claims per 100 Covered Workers
PM.2 Total Claims per 100 Covered Workers
- F.1 Optimize Financial Resources**
PM.1 Fiscal Year Combined Ratio
PM.2 Investment Returns
PM.3 Available Surplus Ratio
PM.4 Annual Rate Change
- F.2 Enhance Asset Management**
PM.1 Periodic Investment Study
- I.1 Improve Internal/External Communication**
PM.1 Injured Worker Satisfaction Rate
PM.2 Employer Satisfaction Rate
PM.3 Provider Satisfaction Rate
PM.4 Employee Engagement Overall Satisfaction
- I.2 Improve Business Operations**
PM.1 Operational Measures
- L.1 Enhance Organizational Capacity**
PM.1 Operational Measures
- L.2 Promote Employee Development & Growth**
PM.1 Employee Engagement Overall Satisfaction
PM.2 - Employee Participation

- myWSI Training (Health, Safety, and System Business) Courses
 - Alternative Dispute Resolution Process
 - Universal Onboarding Process myWSI Transactional Customer Experience Surveys
 - WSI University—Injury Services
 - WSI University—Employers
- Investment Allocation Study
- System Replacement Program (SRP) Clinical
 - System Replacement Program (SRP) Policy
 - System Replacement Program (SRP) Multi-agency Coordination of Independent Contractor Assessment
- Change Management
 - Employee Engagement
 - Workforce Development Program
 - Cascade Strategic Plan Map at the Division Level

- (A) Employers**
- Investment (IC) Programs
 - Target Other Industries –STEP Grant Opportunities
 - Discussion with Employer Groups
- (B) Injured Worker/Labor**
- ND AFL-CIO
 - Injured Worker Counsel
- (C) Business Partners**
- Outside Counsel
 - Office of Administrative Hearings (OAH)
 - Contracted SIU Investigators
 - Contracted Nurse Case Management
 - On-site Case Managers
 - Livestock Producer
 - Accident Fund/Guy Carpenter
 - Reinsurance (Guy Carpenter)
- (D) Medical Providers**
- NDMA
 - ND Hospital Association
 - ND Pharmacy Association
 - ND Chiropractic Association
- (E) Legislative**
- 2023 Overview & Legislative Preview

How WSI Measures Success

Safety Focus

Injury rates have been reduced by over 30% over the last decade. In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.

Strong Statutory Benefits

North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.

Few Disputes & Low Litigation

North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.6% of decisions issued proceed to an administrative court hearing.

Low Premiums

Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year. North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study).

How WSI Measures Success

Financially Strong

The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 17 out of 18 years. Average 5-year WSI fund investment returns was 4.2%.

Good Payor

Fair payment for medical and hospital services ensures injured workers access to quality healthcare. WSI fee schedules range from 158% to 217% of what Medicare would pay.

Enhance Technology

The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.

Customer Satisfaction

WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94



WSI 2023-2025 Biennial Appropriation Request

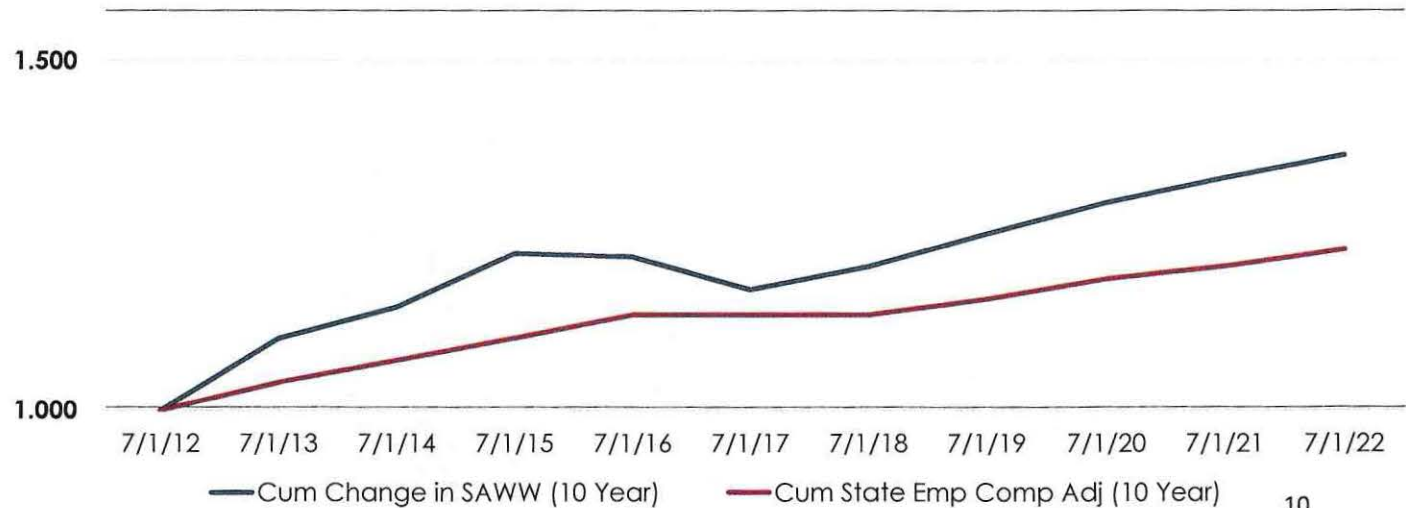
		2021-2023 WSI Appropriation	2023-2025 Senate Version
1	WSI Base Level Appropriation	\$62,122,928	\$68,106,832
	<u>One-Time Funding Description</u>		
	Claims and Policy System (CAPS)	\$7,500,000	\$4,950,000
	myWSI	\$3,050,000	\$1,830,000
	Building Updates	\$514,000	-
2	Total One-Time Funding	\$11,064,000	\$6,780,000
	WSI Biennial Appropriation (1 + 2)	\$73,186,928	\$74,886,832
	FTE Authority	260	260

- Many of WSI's key initiatives are heavily dependent on the continued development CAPS and myWSI
- The ongoing technology initiatives, primarily the two major projects, will be the key budget priorities
- Unspent funds are returned to the WSI fund

Governor's Recommended Compensation Package (6 + 4)

- Over the last decade, State's Average Weekly Wage growth rate has outpaced state employee authorized compensation adjustments by about 2:1
- The continued trend will impact state employee retention

Cumulative SAWW Change vs. State Employee Comp Adjustments



One-Time Funding

Continued Development of Claims and Policy System (CAPS)

The goal of CAPS is to replace WSI's core business system software with web-based technology in order to improve customer service, enhance system maintainability and provide enhanced reporting and accessibility to information.

Current Biennium - \$7,500,000 Next Biennium - \$4,950,000

Continued Development of myWSI

The goal of myWSI is to create a secure, self-service portal for external customers and stakeholders to view, update, submit and retrieve information relating to interactions with WSI.

Current Biennium - \$3,050,000 Next Biennium - \$1,830,000

ARPA Funding

During the November 2021 special legislative session, WSI received \$291,000 from the American Resource Plan Act (ARPA) for a deferred maintenance project. This project will update and expand the existing DDC system and EMS to utilize the latest sequences and strategies.

WSI Summary

- ✓ WSI is financially stable, with proven programs to reduce workplace injuries and to treat and return Injured Workers to the job.
- ✓ WSI is a good steward of premium dollars.
- ✓ WSI is a strong partner with the medical community.
- ✓ WSI is recognized for strong employee engagement and morale; Support of proposed total rewards package will help maintain and grow team.
- ✓ The Senate Version would result in a total biennial increase, including one-time funding, of 2.3% from the prior biennium.
- ✓ With the Governor's recommended 6+4 proposal, the total biennial increase, including one-time funding, is 3.5% from the prior biennium.

Questions

WSI

North Dakota Workforce
Safety & Insurance

NORTH
Dakota Be Legendary.

Appendix

A1 – WSI Organization Chart

A2 – 2022 Financial Audit

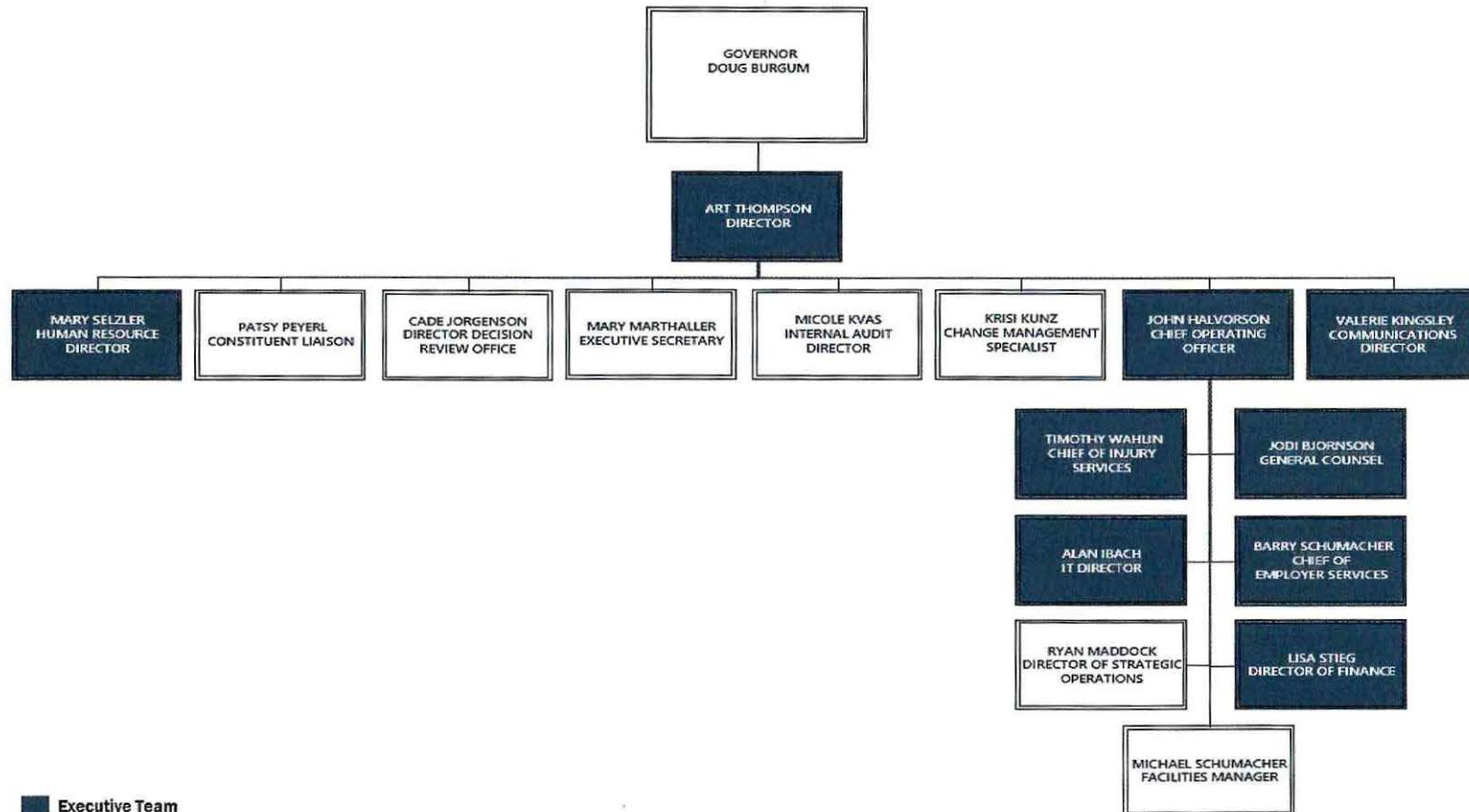
A3 – A7 Historical Trends

A8 – A11 State by State Average Weekly Wage & Benefit Comparison

A12 – A13 State by State Premium Comparisons

A14 – A18 Historical Workers' Compensation Benefit & Service Enhancement Legislation

WSI Organizational Chart



■ Executive Team

Financial Audit

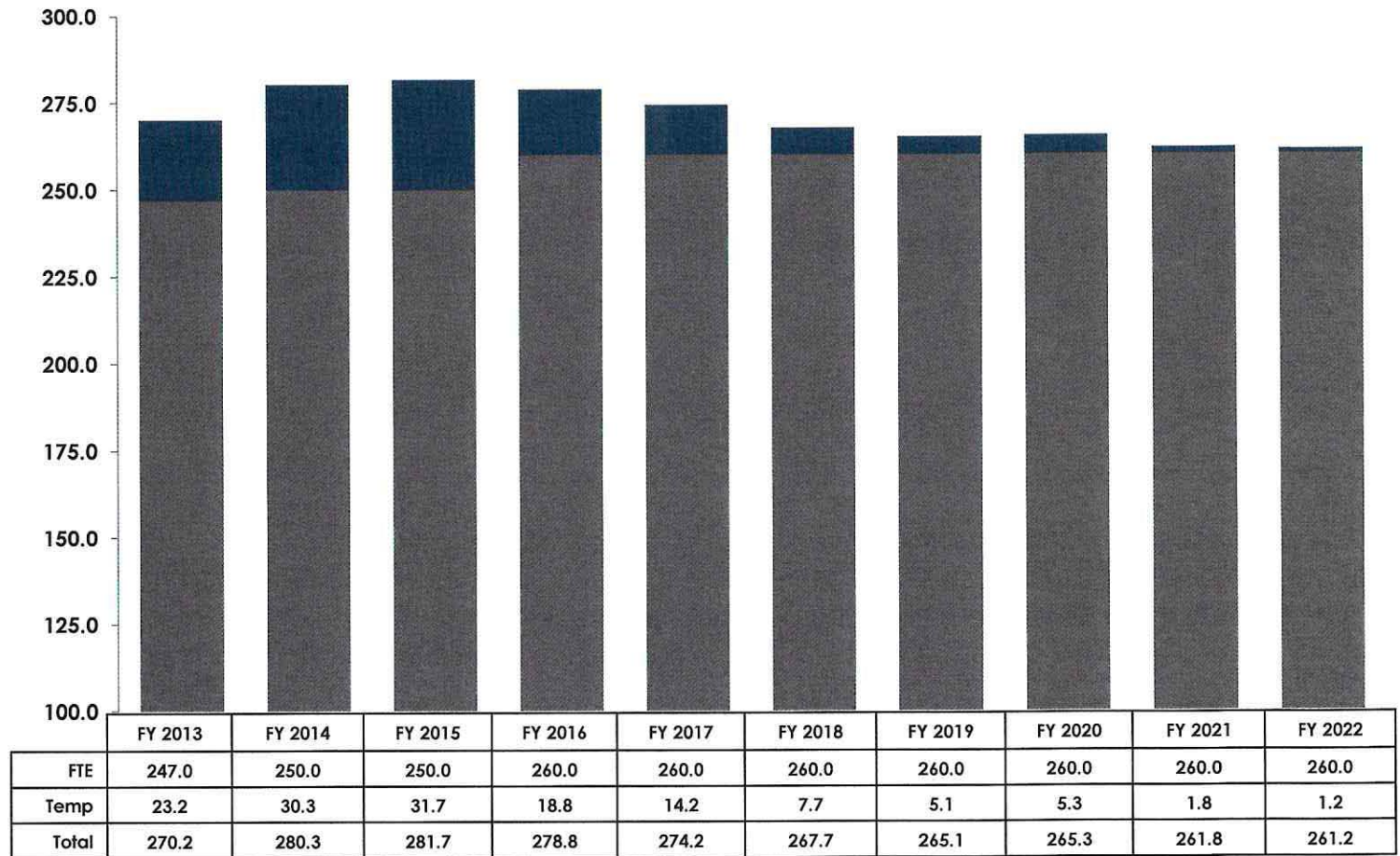
The FY2022 Financial Audit conducted by Eide Bailly noted no material weaknesses, no significant compliance findings, and no prior year findings to update.

WSI

North Dakota Workforce
Safety & Insurance

Employee Count

Employee Count by Fiscal Year

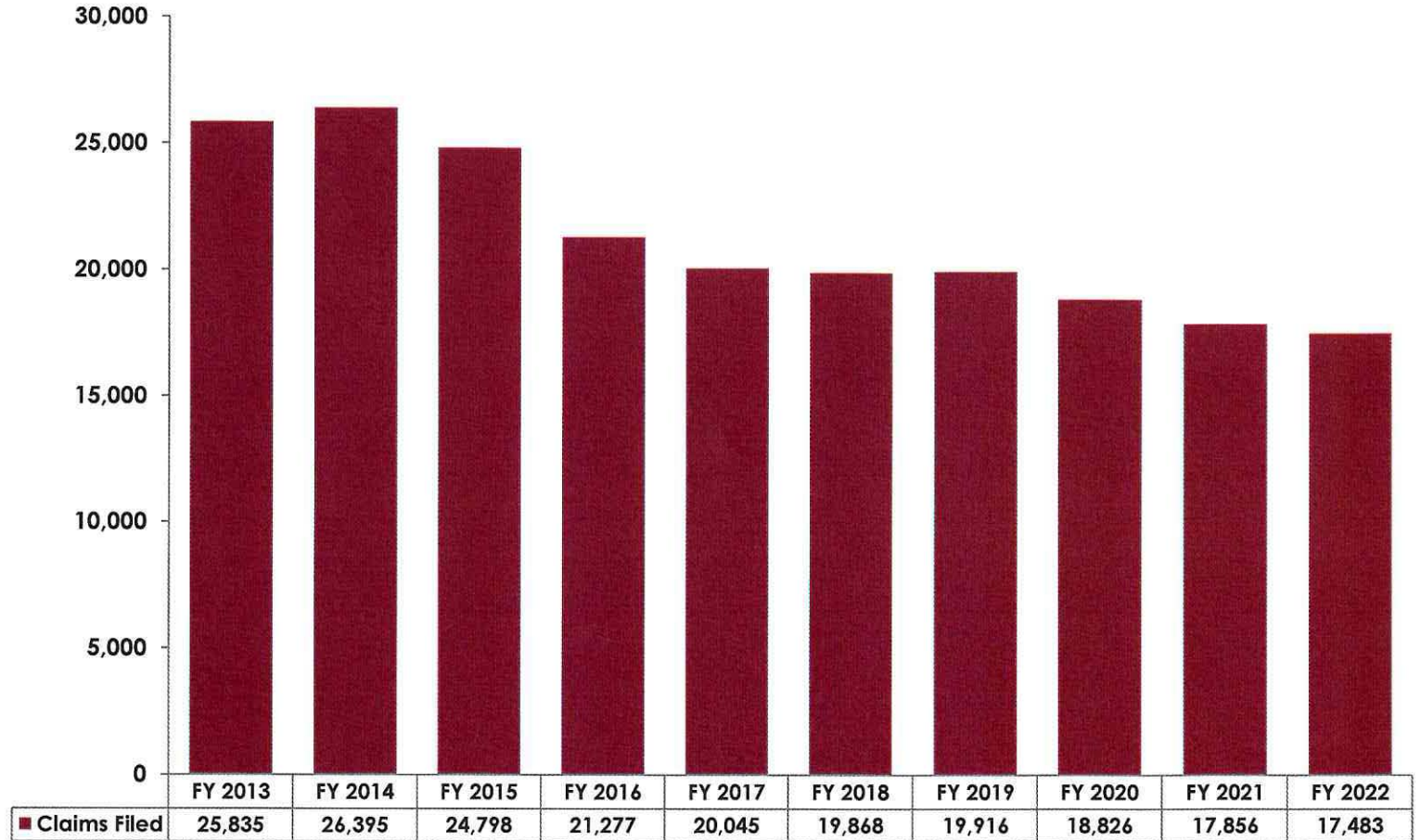


WSI

North Dakota Workforce
Safety & Insurance

Claims Filed

Claims Filed by Fiscal Year

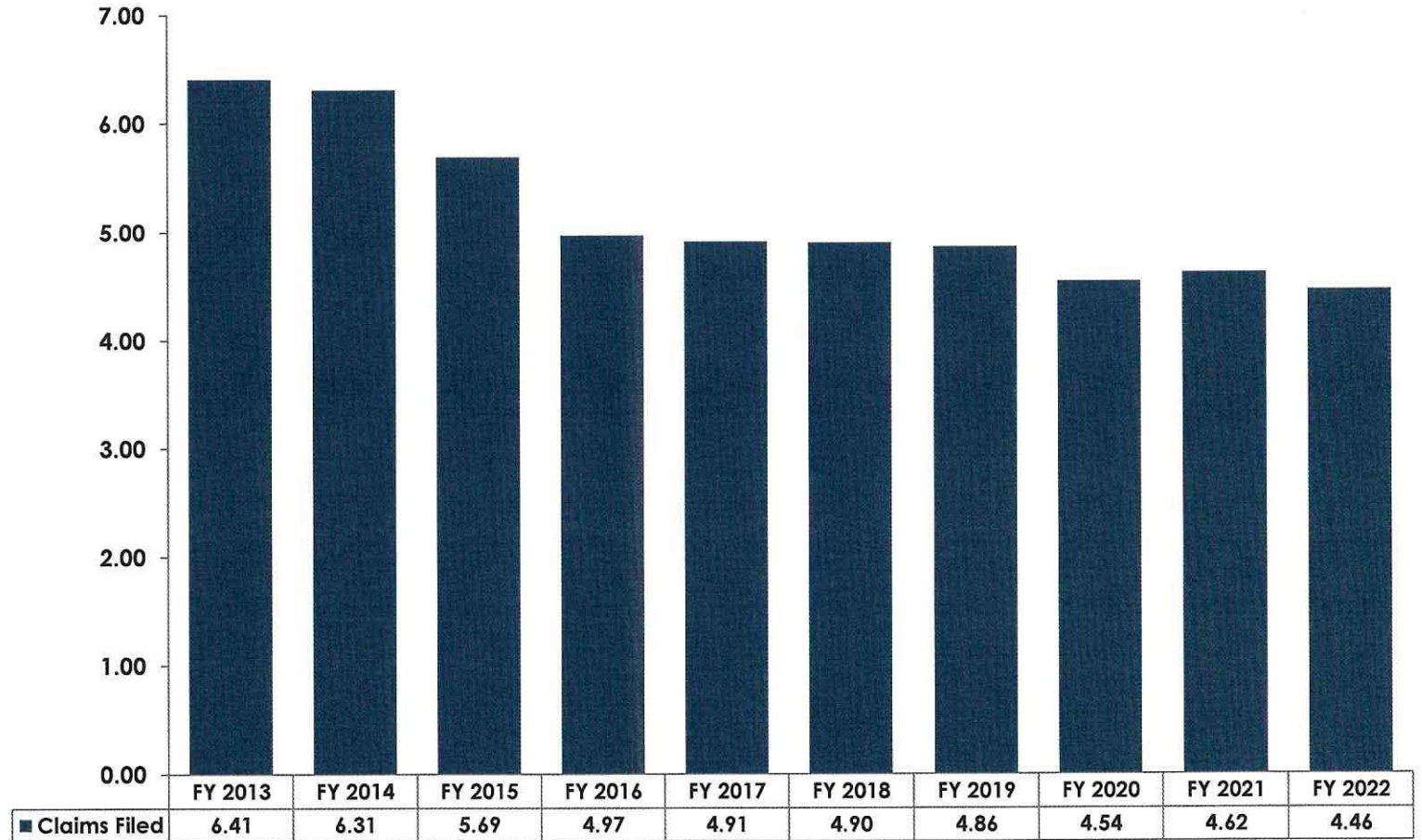


WSI

North Dakota Workforce
Safety & Insurance

Injury Rates

Claims Filed Per 100 Covered Workers

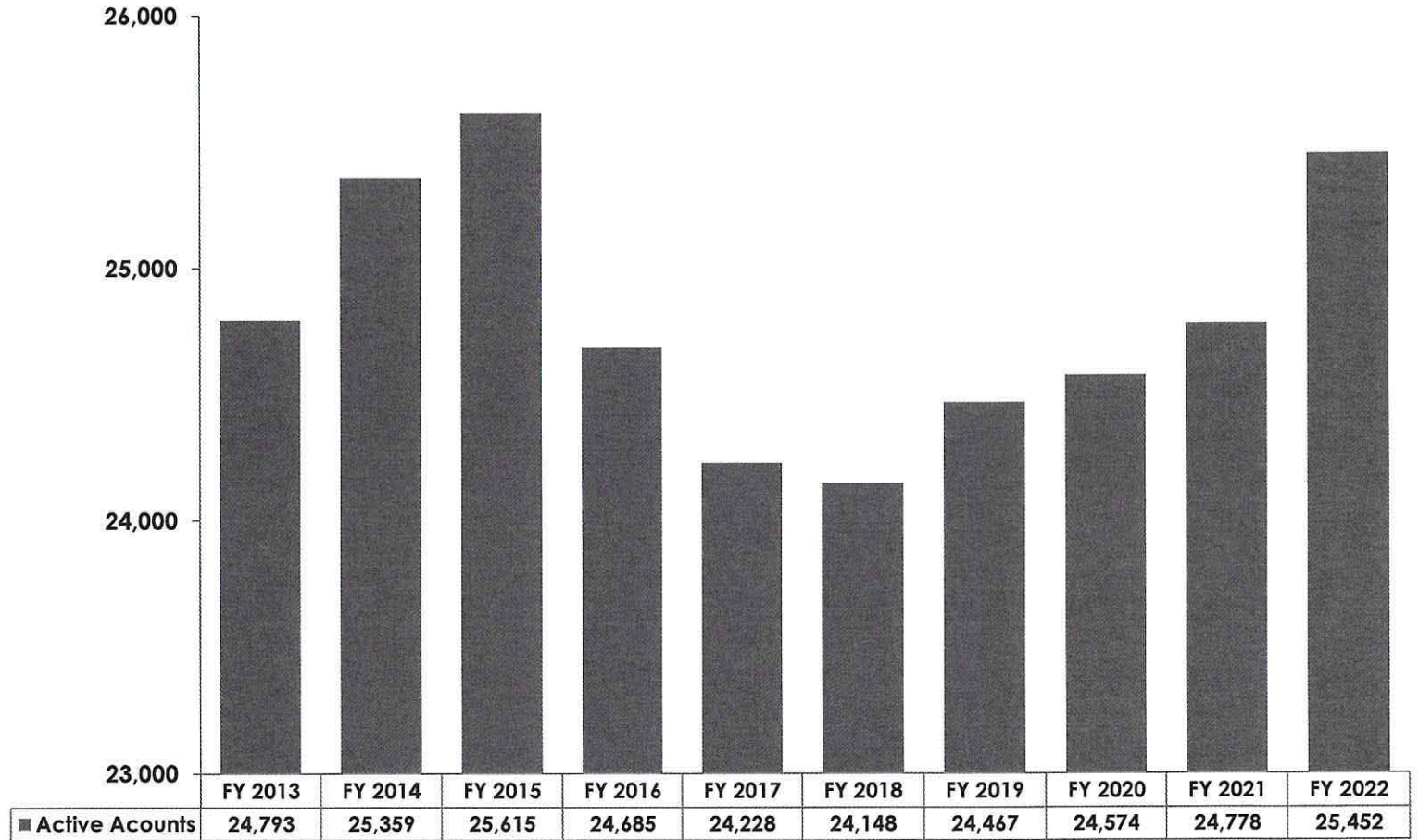


WSI

North Dakota Workforce
Safety & Insurance

Active Accounts

Active Employer Accounts

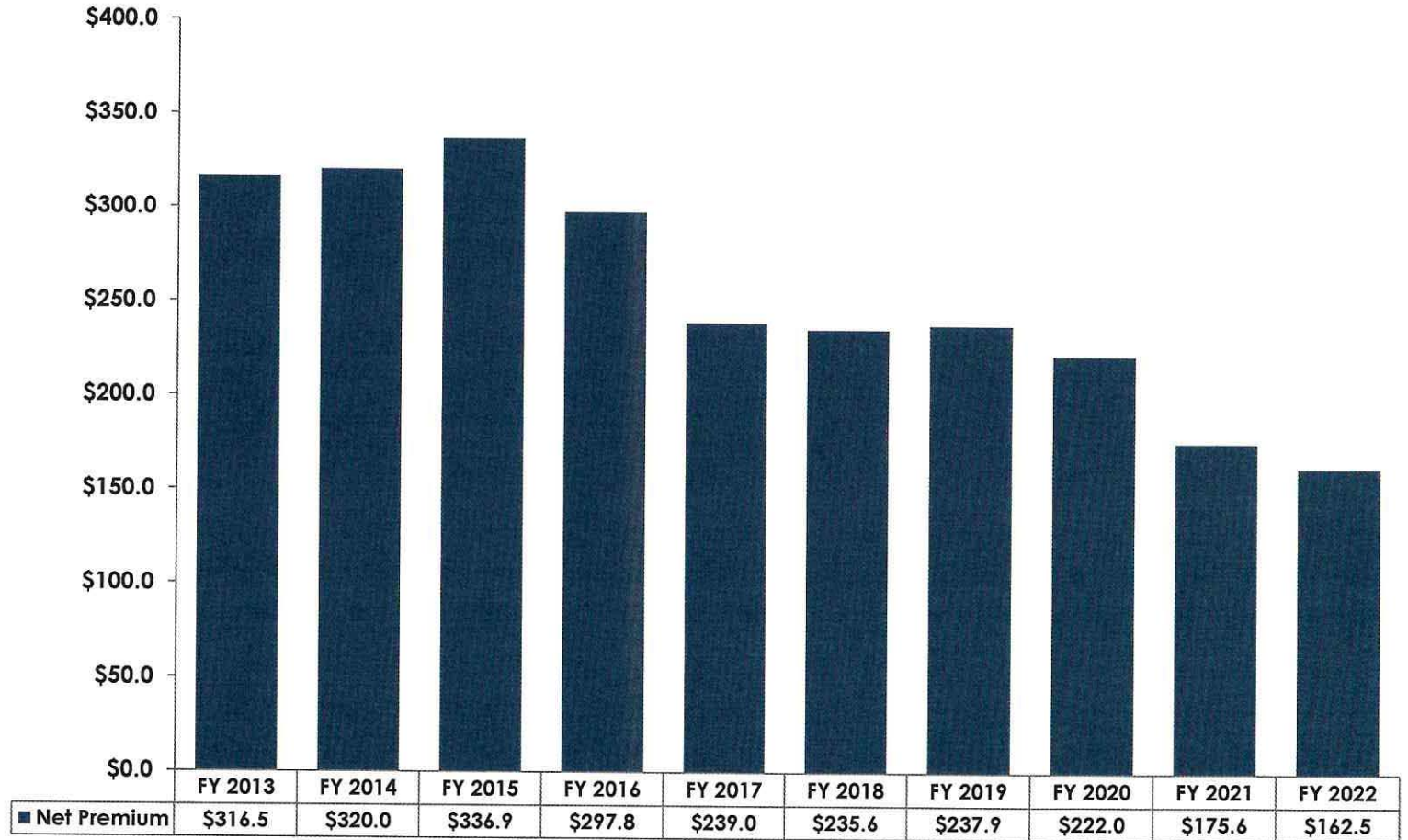


WSI

North Dakota Workforce
Safety & Insurance

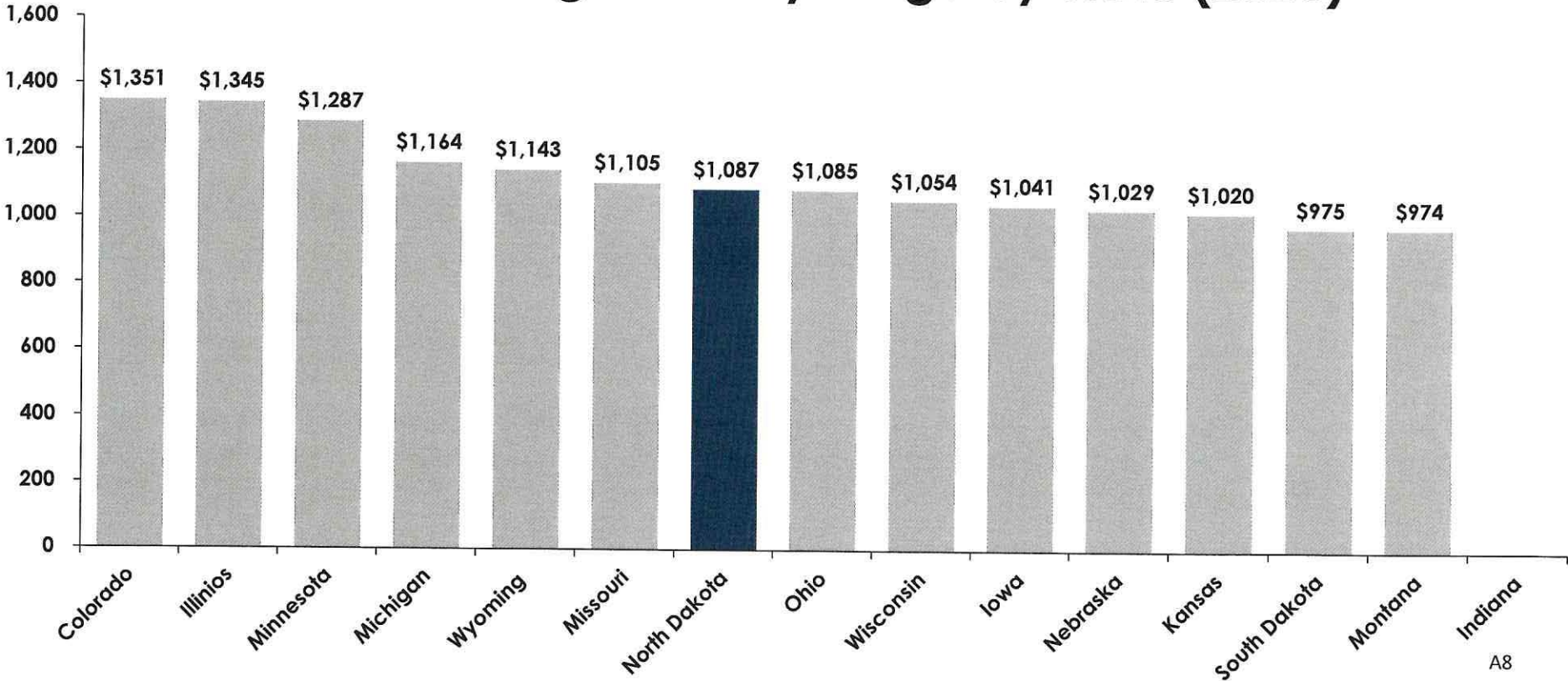
Net Earned Premiums

Net Earned Premiums (\$ Millions)



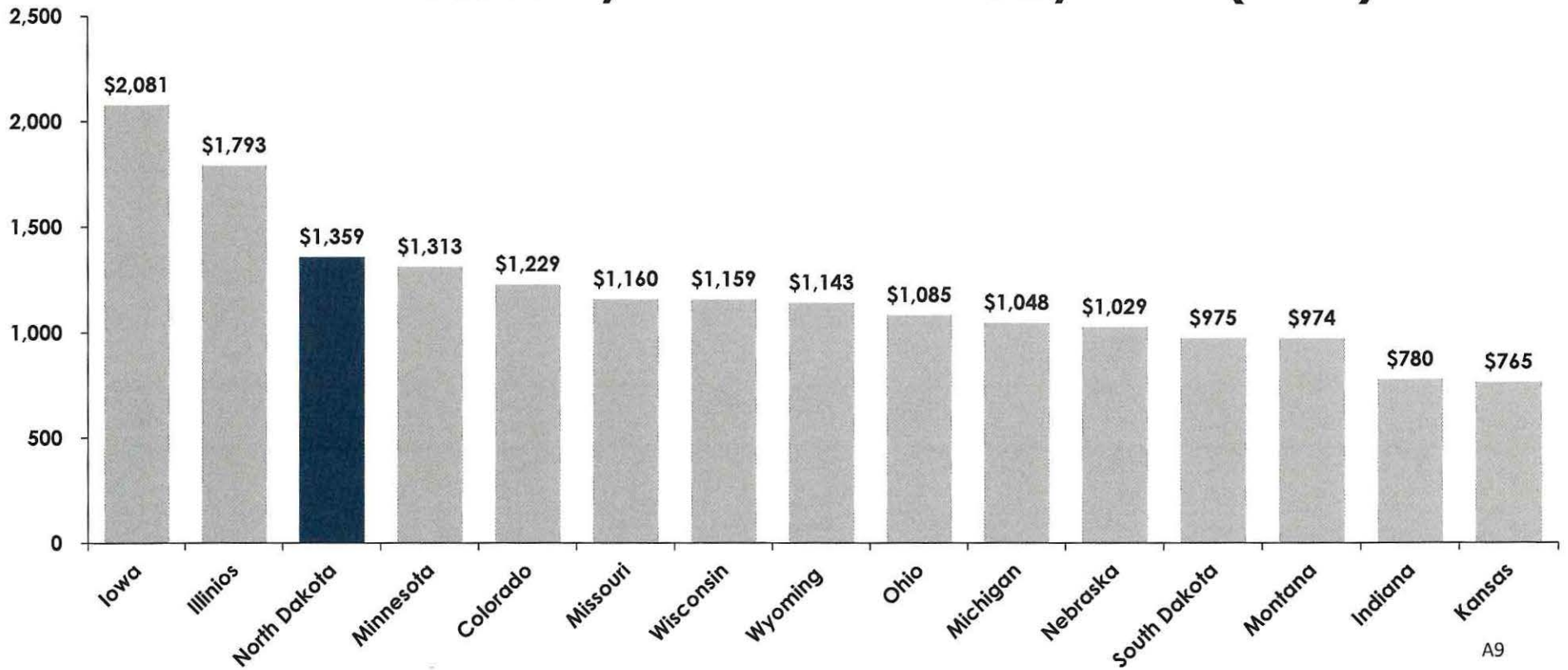
Benefit Comparison

State's Average Weekly Wage by State (2023)



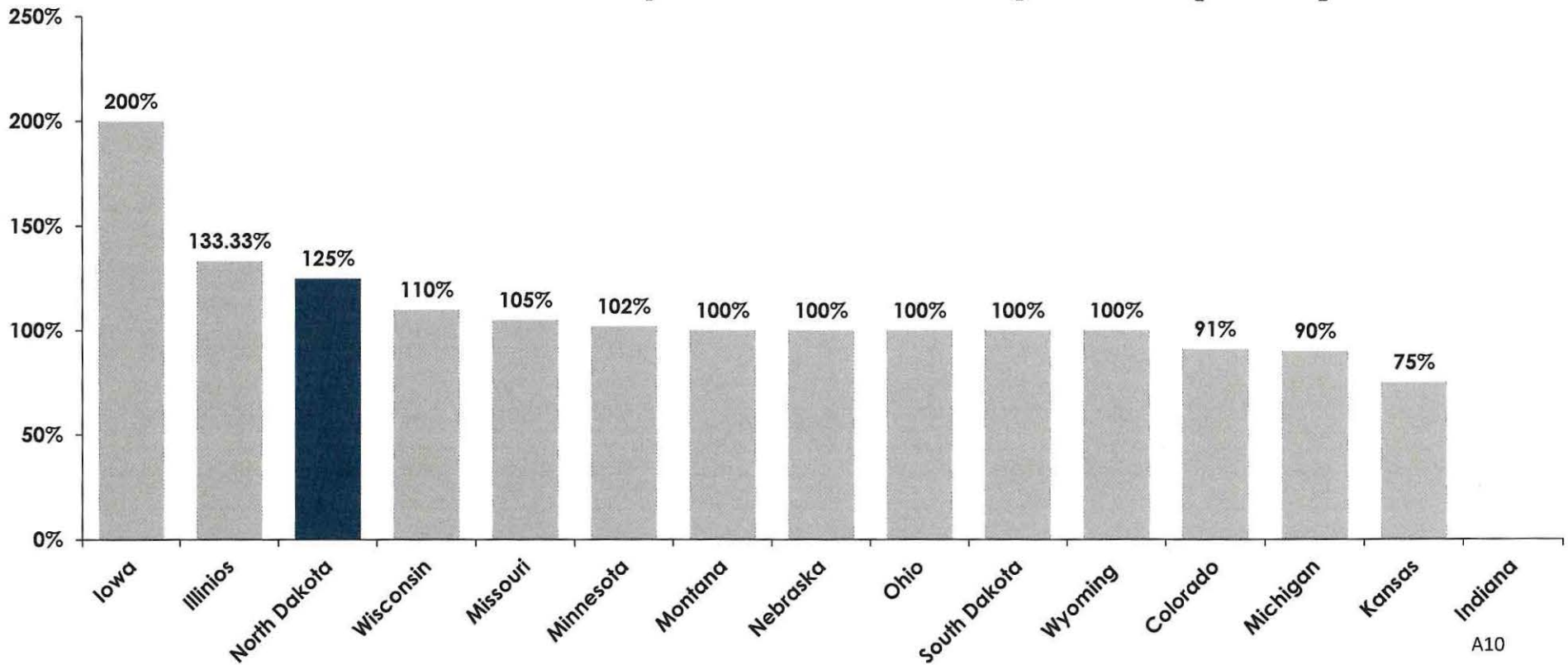
Benefit Comparison

Maximum Weekly Benefit Amount by State (2023)



Benefit Comparison

Maximum Weekly Benefit Rate by State (2023)

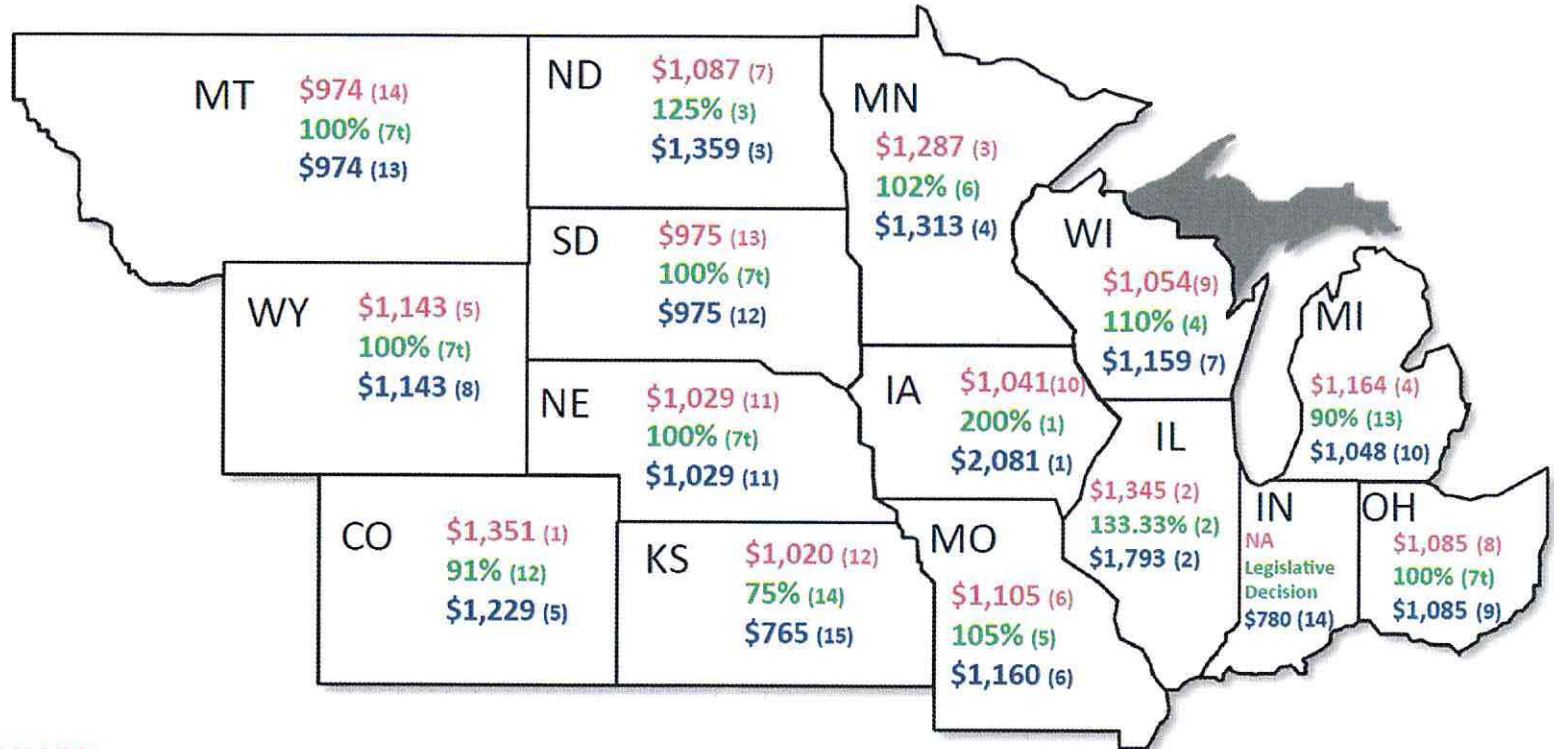


WSI

North Dakota Workforce
Safety & Insurance

Benefit Comparison

Midwest States: State's Average Weekly Wage, Maximum Benefit Rates and Maximum Weekly Benefit Amounts—2023



SAWW (WY uses State's Avg Monthly Wage—calculated quarterly—4th Qtr 2022 shown)

Max. Weekly Benefit Rate

Max. Weekly Benefit Amount (IN—FY2023 shown)

~ Information in Parenthesis = State Rank (#1 – highest to #15 – lowest)

~ Information Source: State Workers' Compensation Websites

WSI

North Dakota Workforce
Safety & Insurance

Premium
Index
Comparison

Per 2022 Oregon Study: Neighbor state's rates compared to North Dakota (before any dividends)



2.7X
Higher



2.2X
Higher



2.5X
Higher

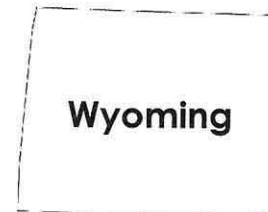
Monopolistic States: State's rates compared to North Dakota (before any dividends)



1.4X
Higher

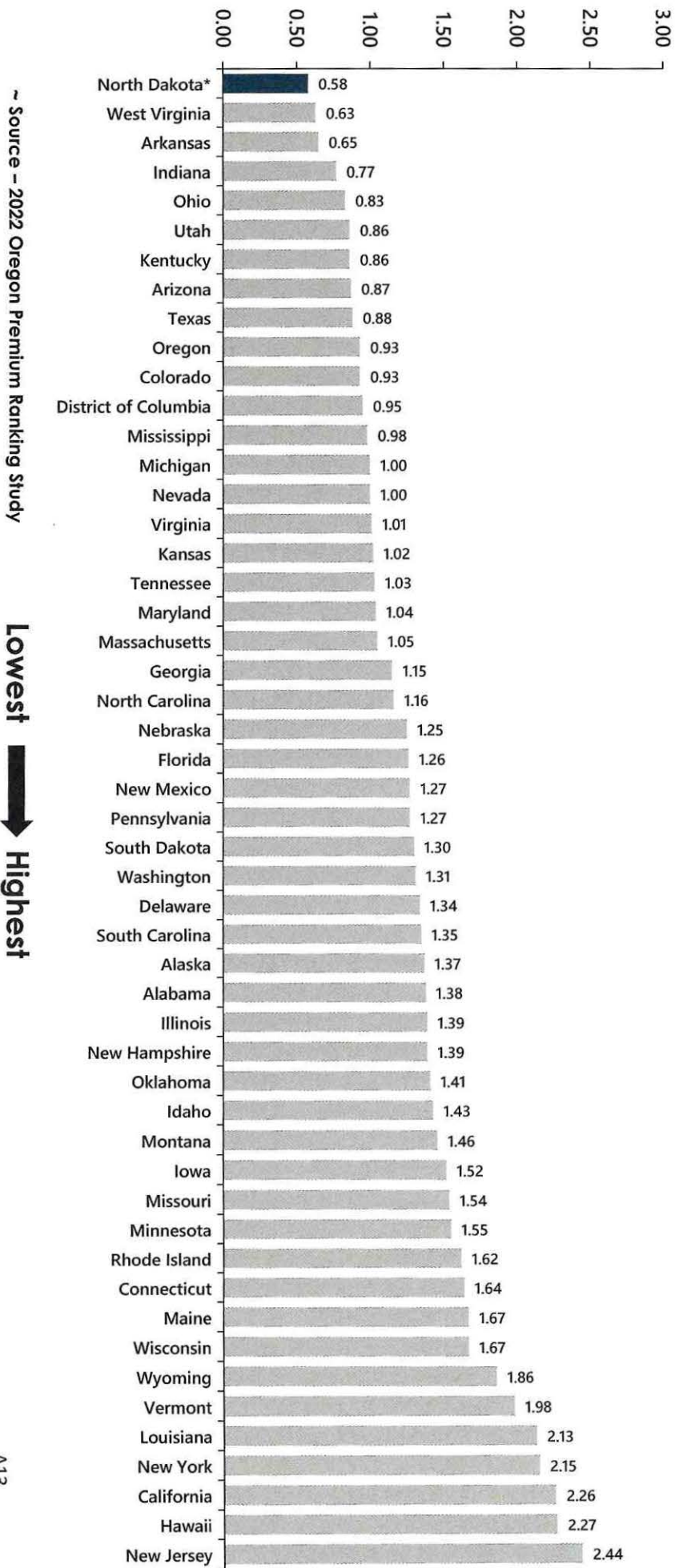


2.3X
Higher



3.2X
Higher

Premium Index Rate by State



Historical Workers' Compensation Benefit & Service Enhancement Legislation

2021 Legislation

Extends injured worker appeal timeframes from 30 to 45 days after a notice of decision or administrative order has been issued (HB 1040)
Provides WSI a communication mode with relevant parties in the event of a deceased or incapacitated injured worker absent a signed release (HB 1084)

2019 Legislation

Required employer payroll reporting to be done electronically (HB 1072)
Requires healthcare providers to submit medical bills and documentation electronically no later than July 1, 2021 (HB 1073)

2017 Legislation

Provides for payments of an injured worker's attorney fees and costs at the level in which they prevailed regardless of whether the organization ultimately prevails (SB 2048)
Establishes a civil penalty in the amount of \$5,000 for an employer who willfully makes a false statement attempting to preclude an injured worker from securing benefits (SB 2094)

2015 Legislation

Expanded eligibility for the scholarship fund to include children up through age twenty-six (HB 1102)
Expanded the eligibility of children that can utilize the educational revolving loan fund (HB 1102)

2013 Legislation

Provided for a study of the preferred provider program (HB 1051)
Strengthened notification requirements for employers participating in the preferred provider program (HB 1052)
Increased benefits for National Guard members who are injured while serving on state active duty (HB 1080)
Expanded definition of law enforcement officer to include peace officers with the North Dakota Parks Department (SB 2134)
Increased vehicle and vehicle adaptation allowance from \$100,000 to \$150,000 (SB 2178)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2011 Legislation

Established a vocational rehabilitation grant program (HB 1050)

Provided up to two years of benefits for workers injured within two years of their presumed retirement date (HB 1051)

Reduced the threshold for percentage of whole-body impairment to qualify for a PPI award (HB 1055)

Increased permanent partial impairment awards (multipliers) for the lower impairment levels (HB 1055)

Expanded eligibility for the scholarship program (SB 2114)

Increased the annual cap that the organization can award in scholarships from \$300,000 to \$500,000 (SB 2114)

Increased the maximum scholarship amount payable per applicant from \$4,000 per year to \$10,000 per year (SB 2114)

Streamlined the personal reimbursement process for injured workers (SB 2114)

Expanded eligibility for the educational revolving loan fund (SB 2114)

2009 Legislation

Provided for payment of eyeglasses and other devices if an injury occurs and damages those prescriptive devices (HB 1061)

Provided for an extension of an additional 20 weeks to the current 104-week limit for retraining programs (HB 1062)

Increased the eligibility pool for job search benefits (HB 1062)

Established pilot program to assess new methods of providing rehabilitation services (HB 1062)

Established parameters of liability for medical expenses paid for treatment of unknown pre-existing conditions (HB 1063)

Shortened eligibility period for cost of living adjustments (COLAs) for pre-1/1/06 total disability claims from 7 to 3 years (HB 1064)

Expanded COLA eligibility for pre-1/1/06 claims to include temporary total benefit recipients (HB 1064)

Outlined coverage parameters for emergency volunteer healthcare practitioners (HB 1073)

Increased the maximum disability benefit from 110% to 125% of the state's average weekly wage (SAWW) (HB 1101)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2009 Legislation – Continued

- Increased lifetime cap on death benefits from \$250,000 to \$300,000 (HB 1101)
- Increased burial expense from \$6,500 to \$10,000 and one-time payments for spouses and dependent children (HB 1101)
- Increased the dependency allowance from \$10 to \$15 per week per child (HB 1101)
- Increased pre-acceptance disability benefits from the minimum benefit rate to the standard rate (HB 1101)
- Increased travel and other personal reimbursements on aggravation claims to 100% (HB 1101)
- Provided up to six months benefits for the surviving spouse of a PTD that provided home health care during disability (HB 1455)
- Provided that OAH conduct WSI hearings and that OAH's decisions are final (HB 1464)
- Provided for a study of the post-retirement benefit structure to be conducted during the interim (HB 1525)
- Provided that WSI outline reasons for disregarding a treating doctor's opinion (HB 1561)
- Resolution to study workers' compensation laws regarding pre-existing injuries (HCR 3008)
- Resolution to study injured worker access to legal representation (HCR 3013)
- Established a clear and convincing evidence standard to rebut the presumption clause (SB 2055)
- Provided door to door reimbursement of mileage to attend medical appointments (SB 2056)
- Established a PPI schedule award for the partial loss of eye sight (SB 2057)
- Distinguished an independent medical exam (IME) from an independent medical record review (IMR) (SB 2058)
- Provided for attorney fees and costs for review of a claim after OIR completion (SB 2059)
- Provided for a rehab training expense for maintaining a second household or traveling more than 25 miles to school (SB 2419)
- Provided WSI make a reasonable effort to designate an IME doctor within a certain radius of worker's residence (SB 2431)
- Shortened the time period in which an injured worker can request a change of doctor (SB 2432)
- Provided that WSI notify injured workers of work search obligations (SB 2433)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2007 Legislation

- Provided funds for purchase or adaptation of motor vehicles for catastrophically injured (HB 1038)
- Provided increased post-retirement additional benefits for certain injured workers (HB 1038)
- Expanded the population that is eligible for death benefits (HB 1038)
- Shortened eligibility period for cost of living adjustments (COLAs) from seven years to three years (HB 1038)
- Expanded the eligibility pool for WSI's revolving loan fund (HB 1038)
- Provided inflation adjustment for long-term Temporary Partial Disability benefit recipients (HB 1140)
- Provided funds for the purchase or adaptation of motor vehicles for catastrophic and exceptional circumstance claims (HB 1411)
- Provided benefits for firefighters and law enforcement officers in the event of a false positive test (SB 2042)

2005 Legislation

- Established additional safety incentives (HB 1125)
- Established ongoing funding for safety education, grant, and incentive programs (HB 1125)
- Created retraining options for injured workers (HB 1171)
- Established an injured worker educational revolving loan fund (HB 1491)
- Increased the non-dependency death award (HB 1506)
- Increased post-retirement additional benefit payments (SB 2351)

2003 Legislation

- Increased lifetime cap on death benefits from \$197,000 to \$250,000 (HB 1060)
- Established a \$50,000 home remodeling and vehicle adaptation allowance for catastrophic injured workers (HB 1060)
- Increased the maximum amounts for scholarship awards (HB 1120)

Historical Workers' Compensation Benefit & Service Enhancement Legislation (cont.)

2001 Legislation

Increased certain permanent partial impairment awards (HB 1161)

1999 Legislation

Increased permanent partial impairment awards for the severely impaired (HB 1422)

Increased the maximum disability benefit from 100% to 110% of the State's Average Weekly Wage (SB 2214)

Shortened the waiting period for eligibility for cost of living adjustments from 10 years to 7 years (SB 2214)

1997 Legislation

Increased weekly death benefits for surviving spouses (SB 2116)

Created the Guardian Scholarship program (SB 2116)

Established a post-retirement additional benefit (SB 2125)

For over 100 years, we've cared for injured employees and promoted safe workplaces.

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NORTH DAKOTA WORKFORCE SAFETY & INSURANCE

WHO WE ARE

260

Full-Time Team Member Authority

.72

Temporary Team Members

15

Average years of service

49.5

Average age

9%

Retirement-eligible

3.75%

Turnover rate

WHAT WE'RE ABOUT

Who We Are: WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths. **WSI is a special fund agency and receives no general fund dollars.**

Core Purpose: To care for injured workers

Business Definition: We provide workers' compensation and safety services

Vision: A safe, secure, and healthy North Dakota Workforce

Core Values: Loyal, Caring, and Forthright

Strategic Anchors: Exceptional People, Exceptional Service, and Financial Stability

WHO WE SERVE

Employees



WSI's highest priority is the health and safety of our North Dakota workforce. In the event of an injury, our goal is to help an injured worker regain their health and return to work.

Employers



WSI provides workers' compensation coverage in North Dakota and administers safety programs and services to provide a safe and healthy workforce.

Medical Providers



WSI partners with medical providers to help reduce and prevent long-term disability by getting an injured worker back to work quickly and safely.

Covered Workforce: 391,512

Employer Accounts: 25,452

Claims Filed: 17,483

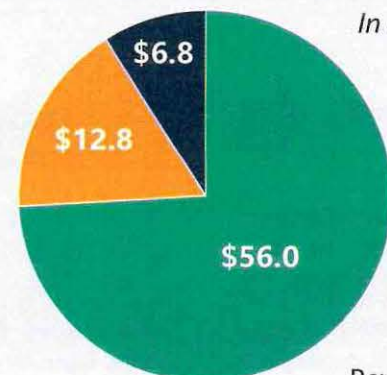
2023-2025 BIENNIAL BUDGET APPROPRIATION

Budget Appropriation:

Base Level: \$67,307,383

- Optional Budget Changes: **\$8,417,572**

- Salary
- Operating
- One-time Funding



In Millions

Revised 1/9/2023

NORTH DAKOTA WORKFORCE SAFETY & INSURANCE

WHAT WE'RE PROUD OF AND HOW WE MEASURE SUCCESS

Safety Focus – Injury rates have been reduced by over 30% over the last decade. In fiscal year 2022, WSI issued \$22 million in safety premium discounts to employers for successful participation in Safety Programs.

Few Disputes & Low Litigation – North Dakota is known to be one of the least litigious workers' compensation systems in the country. Only 0.6% of decisions issued proceed to an administrative court hearing.

Financially Strong – The WSI fund exceeds statutory surplus requirements. WSI issued \$1.7 billion in employer dividends in the past 17 out of 18 years. Average 5-year WSI fund investment returns was 4.2%.

Enhance Technology – The goal of CAPS and myWSI is to improve customer service, enhance system maintainability and create a self-service portal for our external customers and stakeholders.

Strong Statutory Benefits – North Dakota provides a favorable benefit package for injured workers as compared to other jurisdictions.

Low Premiums – Premiums were reduced for the 7th consecutive year with an average 4.2% reduction for the current policy year. North Dakota continuously ranks as the lowest premium state in the nation (2022 Oregon Premium Study).

Good Payor – Fair payment for medical and hospital services ensures injured workers access to quality healthcare. WSI fee schedules range from 158% to 217% of what Medicare would pay.

Customer Satisfaction – WSI's customer satisfaction consistently ranks high on 1 to 5-point scale: Employer – 4.39; Injured Worker – 4.12; Medical Provider – 3.94

WHAT WE DO

Claims Management

Assists injured workers on their journey to recovery by adjudicating and managing claims. This includes managing benefits such as medical, wage-loss, and rehabilitation.

Policyholder Services

Guides employers through the process of securing North Dakota workers' compensation insurance. Also provides premium billing, auditing, and collection services to North Dakota policyholders.

Customer Service

Supports WSI's internal operations by receiving and answering customer calls and inquiries.

Safety Services

Offers employers loss control consultations, education and training, safety incentive programs, and safety grants to ensure workers have a safe and healthy workplace.

Return to Work Services

Assists injured workers in the management of medical recovery and return to work through nurse case management, vocational case management, and retraining programs.

Medical Services

Delivers medical providers educational and administrative services to assist in the treatment of injured workers. Services include prior authorization, billing and payment, and pharmacy services.

Employee Engagement & Development

Employee Engagement – The results of the October 2022 Team ND Engagement Survey for WSI's overall employee engagement level was 4.18 (on a 5-point scale), remaining steady with the 2021 results. WSI had a response rate of 91%, compared to 80% in 2021.

Employee Development – WSI developed and launched a new leadership program, **bildU**, in the fall of 2022 with the goal of educating and providing our emerging leaders with the necessary tools to be successful.

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NORTH DAKOTA WORKFORCE SAFETY & INSURANCE CLAIMS AND POLICY SYSTEM (CAPS) PROJECT

BUSINESS NEEDS

- Replace internal core legacy client-server systems with current web-based technology
- Provide easier access to information and reportability of data
- Improve system navigation and ease of use for WSI team members
- Enhance system maintainability
- Enable WSI to stay current with technology and take advantage of future enhancements

IMPLEMENTATION APPROACH

- Large, multi-year initiative with multiple releases
- Each release, 're-faces' portions of core legacy systems into a new user interface, retaining data and programming logic
- This approach minimizes risk and costs by replacing WSI's core systems *incrementally*, into production
- Each release is managed as a major IT project per state requirements
- The consecutive rollouts require intense collaboration and dedication by many team members across WSI, ServiceLogix (vendor partner) and NDIT
- Benefits of the incremental approach:
 - Includes continuous technology and business improvements as part of the process
 - More adaptive to business needs
 - Minimizes risk and costs

PROJECT STATUS

Completed

Releases 1-9

- **Scope:** Work Management, Forms, and All Policy Functionality – Registration, Adjustments, Accounting, Payroll Reporting, Loss Control
- **Timeframe:** July 2015-Aug 2022
- **Actual Cost:** \$15,852,030 (12% under budget)

In Progress

Release 10

- **Scope:** Claim Registration, Coverage, Status
- **Timeframe:** May 2022-Aug 2023
- **Budget:** \$2,449,647

Remaining

Releases 11-17

- **Scope:** Claim Maintenance, Wages, Reserves, Payments, Medical, Legal, Field, Fraud
- **Expected Timeframe:** 2023-2030
- **Expected Budget:** \$18.5M

MEASURING SUCCESS

"I really enjoy the functionality of CAPS. Each time a new release is deployed the functionality is great and easy to move around, work, and learn the new system with ease."

"The adjustment process is so much easier than it had been, and it is really nice to have verifications and employer applications behave so similarly."

"Automating the optional coverage contracts eliminates a manual process for the underwriters"

"Gathering payroll detail using the same application in a revised payroll report is a major accomplishment."

"The adjustments alone are wonderful. To be able to do them in less than half the time is a dream. Those letters in the forms tool as well are GREAT!."

"For our employers – the combined statements; for our employees – easy to navigate system."

"Love the statement preview functionality, the fact that you can make an adjustment and see the results real time."



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NORTH DAKOTA WORKFORCE SAFETY & INSURANCE myWSI PROJECT

BUSINESS NEEDS

- Establish a secure portal for employers, medical providers, and injured employees to access, submit, and view WSI specific information
- Support WSI's strategic objective to improve communication
- Streamline processes related to information from/to external stakeholders
- Increase availability and usage of information for WSI's stakeholders and partners

IMPLEMENTATION APPROACH

- Large, multi-year initiative with multiple releases
- Each release delivers new external-facing functionality into production, ready to be used
- Each release is managed as a major IT project per state requirements
- Each release schedule is tightly integrated with CAPS project releases, using a shared vendor (ServiceLogix), ensuring efficient project processes
- The consecutive rollouts require intense collaboration and dedication by many team members across WSI, ServiceLogix (vendor partner), and NDIIT

PROJECT STATUS

Completed

Releases 1-5

- **Scope:** Provider Bill Status, Utilization Review, Safety and Ergonomics, Payroll Reporting, Employer Dashboard, DMP
- **Timeframe:** Aug 2015-Aug 2022
- **Actual Cost:** \$3,327,751 (3% under budget)

In Progress

Release 6

- **Scope:** Employer Online Application for Insurance, Chatbot
- **Timeframe:** June 2022-Aug 2023
- **Budget:** \$1,524,361

Remaining

Releases 7-9

- **Scope:** Provider and Injured Employee Dashboards
- **Expected Timeframe:** 2023-2026
- **Expected Budget:** \$1.8M

MEASURING SUCCESS

"The new dashboard in myWSI is awesome and easier to maneuver through. Sending an invite is so much quicker, simpler, as is adding roles to an existing user."

"The new online payroll reporting is a great upgrade. For our employers to not have an access code to start the payroll report is a really good thing. Most of the accountants are pleased that the access code went away."

"I really like the new functionality in myWSI!"

"One of the success stories is expanding our client base utilizing myWSI."

"I can see the URC UR Chiro applications that were deployed as very valuable to the UR Department. They will help provide better/faster service to the injured workers!"

Testimony HB 2021
House Education & Environment Appropriations Committee
March 3, 2023

Mr. Chairman and members of the Education & Environment Appropriations committee, my name is Russ Hanson of the Associated General Contractors of North Dakota. AGC of ND is a 400-member association which has been in existence since 1951. Our membership consists of all aspects of commercial construction - highway contractors, vertical contractors, civil/heavy, specialty contractors, subcontractors as well as material and equipment suppliers.

I appreciate the opportunity to testify today and would like to bring a few pieces of information to the committee as you begin to deliberate HB 2021. The construction and construction related industries are the biggest single premium paying source of WSI premiums. With that, we pay close attention to this agency and are a continual partner with them. WSI is a model for workers compensation nationally. While they are one of only four states with WSI monopolies, they run the agency like a business.

You were provided the details of the agency strengths (good benefits/lowest premiums/ample reserves) and I appreciate seeing this strength after witnessing the struggles WSI had in late 1980s through the 1990's. As Director Thompson noted in his testimony, much of that change is due to the legislation implemented by the ND Legislature and we applaud this past action.

One area we particularly appreciate with WSI is their continued commitment to safety. AGC of ND has a very high priority to sending the workforce home from work in the same shape they were when they arrived that morning. Our association has a very effective safety program, and a major part of that success is our partnership with WSI.

Thanks for the opportunity to comment on HB 2021 and offer our support to the agency.

Workforce Safety and Insurance - Budget No. 485
Senate Bill No. 2021
Base Level Funding Changes

Prepared for: 3/13/2023

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2023-25 Biennium Base Level	260.14	\$0	\$62,122,928	\$62,122,928	260.14	\$0	\$62,122,928	\$62,122,928	0.00	\$0	\$0	\$0
2023-25 Ongoing Funding Changes												
Adds funding for the cost to continue salary increases			\$379,160	\$379,160			\$379,160	\$379,160				\$0
Salary increase			3,418,583	3,418,583			2,553,097	2,553,097			(\$865,486)	(\$865,486)
Health insurance increase			1,189,468	1,189,468			1,216,831	1,216,831			27,363	27,363
Adds funding for IT rate increases			197,244	197,244			197,244	197,244				0
Adds funding for IT contractual services for software support			1,637,572	1,637,572			1,637,572	1,637,572				0
Total ongoing funding changes	0.00	\$0	\$6,822,027	\$6,822,027	0.00	\$0	\$5,983,904	\$5,983,904	0.00	\$0	(\$838,123)	(\$838,123)
One-Time Funding Items												
Adds funding for the claims and policy system replacement project			\$4,950,000	\$4,950,000			\$4,950,000	\$4,950,000				\$0
Adds funding for the myWSI enhancement project			1,830,000	1,830,000			1,830,000	1,830,000				0
Total one-time funding changes	0.00	\$0	\$6,780,000	\$6,780,000	0.00	\$0	\$6,780,000	\$6,780,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$13,602,027	\$13,602,027	0.00	\$0	\$12,763,904	\$12,763,904	0.00	\$0	(\$838,123)	(\$838,123)
2023-25 Total Funding	260.14	\$0	\$75,724,955	\$75,724,955	260.14	\$0	\$74,886,832	\$74,886,832	0.00	\$0	(\$838,123)	(\$838,123)
<i>Federal funds included in other funds</i>			\$0	\$0			\$0	\$0			\$0	\$0
<i>Total ongoing changes as a percentage of base level</i>	0.0%		11.0%	11.0%	0.0%		9.6%	9.6%				
<i>Total changes as a percentage of base level</i>	0.0%		21.9%	21.9%	0.0%		20.5%	20.5%				

Other Sections in Workforce Safety and Insurance - Budget No. 485

Exemption - Federal State Fiscal Recovery Fund -
 Deferred maintenance of state-owned buildings

Senate Version
 Section 3 provides an exemption to WSI to continue funding transferred from OMB from the federal State Fiscal Recovery Fund for deferred maintenance of state-owned buildings during the 2021-23 biennium into the 2023-25 biennium. During the 2021-23 biennium, OMB transferred \$291,000 to WSI.

23.0275.02001
Title.

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
March 31, 2023

Fiscal No. 1

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 1, line 2, after the first semicolon insert "and"

Page 1, line 2, remove "; and to provide for a report"

Page 1, replace lines 10 through 12 with:

"Workforce safety and insurance operations	<u>\$62,122,928</u>	<u>\$9,900,794</u>	<u>\$72,023,722</u>
Total special funds	\$62,122,928	\$9,900,794	\$72,023,722"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2021 - Workforce Safety and Insurance - House Action

	Base Budget	Senate Version	House Changes	House Version
WSI operations	<u>\$62,122,928</u>	<u>\$74,886,832</u>	(\$2,863,110)	<u>\$72,023,722</u>
Total all funds	\$62,122,928	\$74,886,832	(\$2,863,110)	\$72,023,722
Less estimated income	<u>62,122,928</u>	<u>74,886,832</u>	(2,863,110)	<u>72,023,722</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Removes Salary Funding for Pool ²	Total House Changes
WSI operations	<u>\$838,123</u>	<u>(\$3,701,233)</u>	(\$2,863,110)
Total all funds	\$838,123	(\$3,701,233)	(\$2,863,110)
Less estimated income	<u>838,123</u>	<u>(3,701,233)</u>	(2,863,110)
General fund	\$0	\$0	\$0
FTE	0.00	0.00	0.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	Special Funds
Salary increase	\$865,486
Health insurance increase	<u>(27,363)</u>
Total	\$838,123

The Senate provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

New FTE positions
Vacant FTE positions
Total

**Special
Funds** \$0
(3,701,233)
(\$3,701,233)